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LEGISLATIVE HISTORY

Public Law 860--80th Congress

Chapter 773--2d Session

H. R. 6481

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GOVERNMENT CORPORATIONS APPROPRIATIONS ACT, 1949. Appropriates \$500,000 for salaries and expenses of FCA; provides the following amounts for administrative expenses of corporations under FCA (limitations on corporate funds): FFMC, \$2,000,000; FICB's, \$1,607,500; PCC's, \$1,500,000; and RACC, \$171,800. Limits the amount of assessments to be made against FCA corporations by FCA for supervisory or other services as follows: FFMC, \$244,000; FICB's, \$330,000; PCC's, \$232,000; and RACC, \$21,000. The Act also provides that the aggregate amount of bonds the Federal Farm Mortgage Corporation may have outstanding at any one time shall not exceed \$500,000,000, and that prior to June 30, 1949, not less than \$68,000,000, and all additional cash funds in excess of operating requirements for fiscal year 1949, shall be declared as dividends and paid into the general fund of the Treasury; provides that the Production Credit Corporations shall return Government capital aggregating not less than \$30,000,000 to the surplus fund of the Treasury and directs the Governor of FCA to cancel the capital stock of the Corporation in par value amount equal thereto; provides that for fiscal year 1949 the amount of the revolving fund in the Treasury, created by the Farm Credit Act of 1933, for investment in any regional agricultural credit corporation shall be decreased from \$44,400,000 to \$25,000,000, and that an additional \$12,000 shall be available from RACC's administrative expense limitation for 1948, for liquidation of obligations incurred in 1948 by FCA for supervisory or other services rendered; authorizes the use, from the revolving fund created by the Farm Credit Act of 1933, of such sums as may be necessary for RACC to make loans during a five-year period to bona fide fur farmers, the aggregate principal amount of such loans not to exceed \$4,000,000 at any one time, and authorizes \$25,000 of the administrative-expense funds of the Corporation for administrative expenses of the Corporation and FCA in connection with such loans. Includes appropriations for TVA, Housing and Home Finance Agency, Institute of Inter-American Affairs, Export-Import Bank of Washington, and RFC. Provides that funds which are not subject to audit by the General Accounting Office under the Corporation Control Act or other law, shall be accounted for and audited in accordance with the Budget and Accounting Act, and that such funds shall not be obligated or expended unless and until an appropriate appropriation account shall have been established therefor pursuant to an appropriation warrant or covering warrant.

INDEX AND SUMMARY OF HISTORY OF H. R. 6481

January 22, 1948	Documents: The budget estimates on which this appropriation is based are contained in the Budget and House Documents 502 and 631.
March 15, 1948	Hearings: House, H. R. 6481.
May 7, 1948	House Committee on Appropriations reported H. R. 6481. House Report 1880. Committee print of the bill and report. Print of the bill as reported.
May 10, 1948	House debated H. R. 6481.
May 11, 1948	House debated and passed without amendment, H. R. 6481.
May 12, 1948	H. R. 6481 was referred to the Senate Committee on Appropriations. Print of the bill as referred.
May 18, 1948	Amendment proposed by Senator McKellar. Print of the amendment.
May 25, 1948	Hearings: Senate, H. R. 6481.
May 26, 1948	Amendment proposed by Senator Lucas. Print of the amendment.
May 28, 1948	Amendment proposed by Senator McKellar. Print of the amendment.
June 12, 1948	Senate Committee reported H. R. 6481 with amendments. Senate Report 1616. Print of the bill as reported.
June 14, 1948	Senator Lucas proposed an amendment to H. R. 6481. Print of the amendment. Senate debated H. R. 6481.
June 15, 1948	Senate debated and passed H. R. 6481 with amendments. Senate Conferees appointed. Print of H. R. 6481 with the amendments of the Senate numbered.
June 16, 1948	House Conferees appointed.
June 19, 1948	House and Senate agreed to the Conference Report. House Report 2432.
June 30, 1948	Approved. Public Law 860. Statement by the President on signing H. R. 6481.

SUPPLEMENTAL ESTIMATES OF APPROPRIATION AND
CONTRACT AUTHORIZATIONS

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

SUPPLEMENTAL ESTIMATES OF APPROPRIATION FOR THE FISCAL YEAR 1948 AND PRIOR FISCAL YEARS IN THE AMOUNT OF \$1,320,174,315, CONTRACT AUTHORIZATIONS IN THE AMOUNT OF \$218,486,000, AND A RESCISSION OF AN APPROPRIATION IN THE AMOUNT OF \$150,000,000, TOGETHER WITH CERTAIN PROPOSED PROVISIONS AND INCREASES IN LIMITATIONS PERTAINING TO EXISTING APPROPRIATIONS

JANUARY 22, 1948.—Referred to the Committee on Appropriations and ordered to be printed

THE WHITE HOUSE,
Washington, January 22, 1948.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for the consideration of the Congress supplemental estimates of appropriation for the fiscal year 1948 and prior fiscal years in the amount of \$1,320,174,315, contract authorizations in the amount of \$218,486,000, and a rescission of an appropriation in the amount of \$150,000,000, together with certain proposed provisions and increases in limitations pertaining to existing appropriations.

The details of the estimates and rescission, the necessity therefor, and the reasons for their submission at this time are set forth in the letter of the Director of the Bureau of the Budget and the attachment thereto, transmitted herewith, in whose comments and observations thereon I concur.

Respectfully yours,

HARRY S. TRUMAN.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,

Washington 25, D. C., January 22, 1948.

The PRESIDENT,
The White House.

SIR: I have the honor to submit herewith for your consideration supplemental estimates of appropriation and contract authorizations for the fiscal year 1948 and prior fiscal years in the following amounts:

	Appropriations	Contract au- thorizations
Legislative branch.....	\$205, 716
The judiciary.....	100, 000
District of Columbia.....	805, 044	\$7, 271, 000
Executive branch.....	1, 319, 063, 555	211, 215, 000
Total.....	1, 320, 174, 315	218, 486, 000

In addition, there are submitted certain proposed provisions and increases in limitations pertaining to existing appropriations.

The 1949 Budget took into account the need for these supplemental appropriations for the Executive branch.

There is also proposed a rescission in the appropriation for the fiscal year 1948 for "Finance Service, Army," in the amount of \$150,000,000. This sum was reflected in the schedules of the 1949 Budget as an estimated savings.

Drafts of proposed appropriation and rescission language and the details of the various estimates, together with the reasons for their submission at this time, are set forth in the attachment to this letter.

The estimates submitted by the legislative branch and the judiciary have been included without change, and I make no observations regarding their necessity. The estimates for the Executive branch and the District of Columbia have been carefully reviewed, and I recommend the transmission thereof to the Congress in the amounts specified.

Respectfully yours,

F. J. LAWTON,
Acting Director of the Bureau of the Budget.

ITEMS INCLUDED IN THE CONSOLIDATED SUPPLEMENTAL ESTIMATE

LEGISLATIVE BRANCH

Architect of the Capitol: Capitol Buildings and Grounds:	
Capitol Power Plant-----	\$139, 500. 00
Library of Congress:	
Legislative Reference Service: Salaries-----	5, 000. 00
Revision of Annotated Constitution of the United States of America: Salaries and expenses-----	35, 000. 00
Distribution of printed cards: Salaries and expenses-----	26, 216. 00
Government Printing Office: Office of Superintendent of Documents: General expenses-----	Language
Total, legislative branch-----	205, 716. 00

THE JUDICIARY

Court of Claims: Salaries and expenses-----	Language
Miscellaneous items of expense:	
Salaries of judges-----	75, 000. 00
Fees of jurors-----	25, 000. 00
Total, The Judiciary-----	100, 000. 00

EXECUTIVE OFFICE OF THE PRESIDENT

Office for Emergency Management: Office of Defense Transportation: Salaries and expenses-----	31, 000. 00
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INDEPENDENT OFFICES

Atomic Energy Commission: Salaries and expenses (contract authorization)-----	(200, 000, 000. 00)
Commission on Organization of the Executive Branch of the Government: Salaries and expenses-----	1, 188, 600. 00
Federal Mediation and Conciliation Service: Salaries and expenses-----	950, 000. 00
Federal Power Commission: Flood-control surveys-----	35, 000. 00
Federal Security Agency:	
Bureau of Employees' Compensation: Employees' compensation fund-----	3, 300, 000. 00
Howard University: Construction of buildings (contract authorization)-----	(1, 640, 000. 00)
Office of Education: Further development of vocational education-----	1, 583, 942. 00
Office of Vocational Rehabilitation: Payments to States (including Alaska, Hawaii, and Puerto Rico)-----	2, 000, 000. 00
Public Health Service: Grants for hospital construction-----	15, 000, 000. 00
Social Security Administration: Grants to States for old-age assistance, aid to dependent children, and aid to the blind-----	101, 000, 000. 00
Office of the Administrator: Penalty mail costs-----	90, 000. 00
Federal Works Agency: Bureau of Community Facilities: Maintenance and operation of schools-----	2, 000, 000. 00
Housing and Home Finance Agency: Federal Housing Administration (administrative expense authorization)-----	(1, 000, 000. 00)
Housing Expediter-----	Language
Philippine War Damage Commission (administrative expense authorization)-----	(275, 000. 00)
United States Maritime Commission:	
Construction fund-----	259, 931. 00
Maritime training-----	Language
War Shipping Administration functions (operating receipt authorization)-----	(603, 000. 00)
War Shipping Administration liquidation-----	Language
Vessel operating functions-----	19, 738, 000. 00
Total, independent offices-----	147, 145, 473. 00

Items included in the consolidated supplemental estimate—Continued

DISTRICT OF COLUMBIA

Compensation and retirement fund expenses: District government employees' compensation-----	\$45,000.00
Regulatory agencies: Office of Recorder of Deeds-----	33,992.00
Public schools: Capital outlay (contract authorization)-----	(5,935,000.00)
Metropolitan Police: Capital outlay (contract authorization)-----	(206,000.00)
Courts: United States Courts (1947)-----	227,311.64
Health Department:	
Operating expenses, Health Department (excluding hospitals)-----	3,400.00
Capital outlay, Gallinger Municipal Hospital-----	54,500.00
Medical charities:	
1947-----	85,101.35
1946-----	55,181.10
Public Welfare:	
Agency services-----	36,000.00
Capital outlay, District Training School (contract authorization)-----	(165,000.00)
Saint Elizabeths Hospital-----	250,000.00
Public Works: Capital outlay, Refuse Division (contract authorization)-----	(965,000.00)
Settlement of claims and suits-----	2,633.23
Judgments-----	11,924.35
Total, District of Columbia (payable from District of Columbia funds)-----	805,043.67

DEPARTMENT OF AGRICULTURE

Agricultural Research Administration: Bureau of Entomology and Plant Quarantine:	
Salaries and expenses:	
Insect investigations-----	100,000.00
Insect and plant disease control-----	203,600.00
Control of emergency outbreaks of insects and plant diseases-----	442,000.00
Control of forest pests: Forest Pest Control Act-----	843,000.00
Forest Service: Salaries and expenses:	
National forest protection and management-----	475,000.00
Fighting forest fires-----	4,932,000.00
Federal intermediate credit banks (administrative expense authorization)-----	(27,500.00)
Total, Department of Agriculture-----	6,995,600.00

DEPARTMENT OF COMMERCE

Office of the Secretary: Printing and binding-----	70,000.00
Civil Aeronautics Administration: Salaries and expenses-----	Language
Coast and Geodetic Survey: Salaries and expenses, field-----	152,000.00
General provision-----	Language
Total, Department of Commerce-----	222,000.00

Items included in the consolidated supplemental estimate—Continued

DEPARTMENT OF THE INTERIOR

Office of the Secretary:	
Salaries.....	\$20, 000. 00
Oil and Gas Division.....	65, 000. 00
Contingent expenses, Department of the Interior: Penalty mail costs.....	65, 000. 00
Bonneville Power Administration: Construction, operation, and maintenance, Bonneville power transmission system.....	725, 000. 00
Contract authorization.....	(1,475, 000. 00)
Bureau of Land Management:	
General provision.....	Language
Fire fighting.....	95, 000. 00
Payment to Oklahoma from royalties, oil and gas, south half of Red River (1947).....	379. 24
Bureau of Indian Affairs:	
Emergency work program, Navajo and Hopi Indians.....	1, 500, 000. 00
Suppressing forest and range fires.....	25, 000. 00
Miscellaneous Indian tribal funds: Suppressing forest and range fires (tribal funds).....	(25, 000. 00)
Bureau of Reclamation:	
Construction:	
Boise project, Anderson Ranch Dam.....	700, 000. 00
Boise project, Payette Division.....	800, 000. 00
Rathdrum Prairie project, Idaho.....	109, 500. 00
Operation and maintenance:	
Parker Dam power project, Arizona-California.....	726, 000. 00
North Platte project, Nebraska-Wyoming.....	56, 800. 00
Colorado River Dam fund: Boulder Canyon project.....	55, 000. 00
Geological Survey: Gaging streams.....	635, 500. 00
Bureau of Mines:	
Salaries and expenses.....	52, 000. 00
Economics of mineral industries.....	260, 000. 00
National Park Service: Emergency reconstruction and fighting forest fires.....	570, 000. 00
Fish and Wildlife Service: Salaries and expenses: Alaska fisheries.....	50, 000. 00
Government in the Territories: Territory of Alaska:	
Insane of Alaska.....	112, 200. 00
Construction and maintenance of roads, bridges, and trails, Alaska.....	7, 370, 000. 00
Contract authorization.....	(4, 000, 000. 00)
Total, Department of the Interior.....	13, 992, 379. 24

DEPARTMENT OF JUSTICE

Legal activities and general administration:	
Salaries, Tax Division.....	\$18, 000. 00
Printing and binding.....	150, 000. 00
Salaries and expenses, Lands Division (1942).....	150. 50
Miscellaneous salaries and expenses, field (1945).....	864. 76
Salaries and expenses of marshals and so forth (1947).....	155, 000. 00
Federal Prison System: Medical and hospital service.....	43, 000. 00
Federal Prison Industries, Incorporated (administrative expense authorization).....	(35, 000. 00)
Total, Department of Justice.....	367, 015. 26

DEPARTMENT OF LABOR

Bureau of Labor Statistics: Salaries and expenses.....	Language
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SUPPLEMENTAL ESTIMATES OF APPROPRIATION

Items included in the consolidated supplemental estimate—Continued

NATIONAL MILITARY ESTABLISHMENT

Department of the Army:

Military functions:

Office of the Secretary of the Army: Penalty mail, military functions.....	\$5, 000, 000. 00
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Quartermaster Corps: Quartermaster service, Army: Clothing and equipage.....	26, 670, 000. 00
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United States Military Academy: Pay of Military Academy: Cadets.....	83, 488. 00
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Civil functions:

Quartermaster Corps: Cemeterial expenses.....	1, 021, 000. 00
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Corps of Engineers:

Rivers and Harbors: Maintenance and improvement of existing river and harbor works.....	265, 000. 00
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Flood control, general.....	1, 000, 000. 00
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Penalty mail, civil functions: Penalty mail.....	200, 000. 00
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Government and relief in occupied areas.....	150, 000, 000. 00
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Department of the Navy—Naval Establishment:

Office of the Secretary: Penalty mail.....	2, 957, 000. 00
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Bureau of Naval Personnel:

Training, education, and welfare, Navy:

Naval training station, San Diego, California.....	120, 000. 00
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Naval training station, Great Lakes, Illinois.....	165, 000. 00
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Naval Academy.....	114, 000. 00
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Naval Home, Philadelphia, Pennsylvania.....	9, 100. 00
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Bureau of Yards and Docks: Public works (contract authorization).....	(4, 100, 000. 00)
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Total, National Military Establishment.....	187, 604, 588. 00
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POST OFFICE DEPARTMENT

(Out of the Postal Revenues)

Post Office Department, District of Columbia:

Contingent expenses, Post Office Department:	
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Contingent and miscellaneous expenses.....	12, 800. 00
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Printing and binding.....	270, 000. 00
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Field Service, Post Office Department:

Office of the First Assistant Postmaster General:

Compensation to postmasters (1947).....	1, 000, 000. 00
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Clerks, first- and second-class post offices.....	34, 600, 000. 00
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Carfare and bicycle allowance.....	175, 000. 00
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City delivery carriers.....	20, 000, 000. 00
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Special-delivery compensation and fees.....	750, 000. 00
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Office of the Second Assistant Postmaster General:

Star-route service.....	765, 000. 00
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Star-Route and Air Mail Service, Alaska.....	422, 800. 00
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Star-Route and Air Mail Service, Alaska (1947).....	224, 500. 00
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Star-Route and Air Mail Service, Alaska (1946).....	42, 000. 00
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Powerboat service.....	95, 000. 00
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Railroad transportation and mail messenger service.....	59, 920, 000. 00
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Railroad transportation and mail messenger service (1947).....	14, 300, 000. 00
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Railway Mail Service.....	3, 900, 000. 00
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Railway postal clerks, travel allowance.....	200, 000. 00
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Foreign mail transportation.....	14, 600, 000. 00
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Office of the Third Assistant Postmaster General: Unpaid

money orders more than one year old.....	321, 000. 00
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Office of the Fourth Assistant Postmaster General:

Post Office stationery, equipment and supplies.....	815, 000. 00
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Equipment shops, Washington, District of Columbia.....	425, 000. 00
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Vehicle service.....	3, 277, 000. 00
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Transportation of equipment and supplies.....	305, 200. 00
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Public buildings, maintenance and operation: Operating	
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supplies, public buildings.....	415, 000. 00
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Total, Post Office Department.....	156, 835, 300. 00
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Items included in the consolidated supplemental estimate—Continued

DEPARTMENT OF STATE

Department Service: Salaries and expenses, Department of State.....	Language
The Institute of Inter-American Affairs.....	\$3, 848, 500. 00
General provision.....	Language

TREASURY DEPARTMENT

Fiscal Service: Bureau of the Public Debt: Distinctive paper for United States currency.....	361, 000. 00
Bureau of Internal Revenue: Refunding internal-revenue collections.....	800, 000, 000. 00
Bureau of Engraving and Printing: Salaries and expenses...	1, 650, 000. 00
Secret Service Division: Reimbursement to District of Columbia, benefit payments to White House Police and Secret Service forces.....	10, 700. 00
Total, Treasury Department.....	802, 021, 700. 00
Fiscal year 1948.....	1, 304, 083, 826. 58
Fiscal year 1947 and prior fiscal years.....	16, 090, 488. 59
Total supplemental estimates.....	1, 320, 174, 315. 17
Total contract authorizations.....	(218, 486, 000. 00)

TITLE II—REDUCTION IN APPROPRIATION

Department of the Army—Military functions: Finance Department: Finance service, Army.....	150, 000, 000
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TITLE III—GENERAL PROVISION

Sec. 301.....	Language
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DETAIL OF SUPPLEMENTAL APPROPRIATION ESTIMATES FOR FISCAL YEAR 1948 AND PRIOR FISCAL YEARS

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply supplemental appropriations for the fiscal year ending June 30, 1948, and for other purposes, namely:

LEGISLATIVE BRANCH

ARCHITECT OF THE CAPITOL

CAPITOL BUILDINGS AND GROUNDS

Capitol Power Plant: For an additional amount for "Capitol Power Plant," \$139,500.

LIBRARY OF CONGRESS

LEGISLATIVE REFERENCE SERVICE

Salaries: For an additional amount for "Salaries," \$5,000; and the limitation under this head in the Legislative Branch Appropriation Act, 1948, for preparation and reproduction of copies of the Digest of General Public Bills, is increased from "\$25,000" to "\$30,000".

REVISION OF ANNOTATED CONSTITUTION OF THE UNITED STATES OF
AMERICA

Salaries and expenses: To enable the Librarian of Congress to employ competent persons to revise and to extend the Annotated Constitution of the United States of America, including supplies and materials; not to exceed \$500 for travel; and not to exceed \$5,000 for employees engaged in piecework and work by the day or hour at rates to be fixed by the Librarian; \$35,000, to remain available until expended.

DISTRIBUTION OF PRINTED CARDS

Salaries and expenses: For an additional amount for "Salaries and expenses" for the distribution of printed cards and other publications of the Library, \$26,216.

GOVERNMENT PRINTING OFFICE

OFFICE OF SUPERINTENDENT OF DOCUMENTS

General expenses: Surplus funds accumulated during the fiscal year 1948 through the operation of the working capital of the Government Printing Office (Public Printing and Binding, Government Printing Office, 1948) are hereby made available for the transfer of \$650,000 to the appropriation "General expenses, Office of the Superintendent of Documents, 1948" including the objects and subject to the conditions set forth under this head in the Legislative Branch Appropriation Act, 1948.

THE JUDICIARY

COURT OF CLAIMS

Salaries and expenses: The appropriation under this head in the Judiciary Appropriation Act, 1948, is hereby made available in an amount not to exceed \$25,000, as may be necessary and approved by the Chief Justice, Court of Claims, for transfer to the appropriation "Repairs and improvements" for expenditure by the Architect of the Capitol for structural changes, alterations, and installations of fixtures in the Court of Claims buildings, necessary for the accommodations of the Court.

This proposed provision is desired in order to permit the Court of Claims to alter its present buildings to provide additional space for present and anticipated additional personnel of the court. The appropriation for salaries and expenses includes funds for the payment of rent, and it is the wish of the court to use this money for payment of most of the costs of making alterations which will obviate the necessity of paying rent. In order to accomplish the proposed alterations as quickly as possible, the court wishes to obtain this proposed transfer of funds by amendment to the 1948 appropriation, rather than postponing the work until the 1949 appropriation is available.

The 1949 Budget, already transmitted to the Congress, includes a total of \$43,500 for the court which it is understood will not be required if this proposed provision is approved. This amount consists of \$18,500 for rent, included in the estimate for "Salaries and expenses," and \$25,000 for alterations and improvements, included in the estimate for "Repairs and improvements." It is recommended that the Congress eliminate these amounts from the appropriations for 1949.

MISCELLANEOUS ITEMS OF EXPENSE

Salaries of judges: For an additional amount for "Salaries of judges," \$75,000.

This additional amount is required for salaries of circuit, district, and retired judges payable during the current year. The estimate upon which the present appropriation of \$4,515,000 was based provided for an average of 257.5 active judges and 42 retired judges. At the beginning of January 1948, however, all 260 active judgeships were filled and there were 46 retired judges. It therefore appears that funds presently available will be inadequate, and that the supplementary amount indicated should be appropriated.

Fees of jurors: For an additional amount for "Fees of jurors," \$25,000.

This additional amount is required for the payment of jurors' fees and mileage during the fiscal year 1948, for which \$1,400,000 has been appropriated. During the fiscal year 1947 these costs amounted to \$1,408,319. Since the trend is toward the more frequent use of jurors, it appears that these costs in 1948 will be greater than in 1947. The foregoing supplementary amount is therefore requested.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE FOR EMERGENCY MANAGEMENT

OFFICE OF DEFENSE TRANSPORTATION

Salaries and expenses: For an additional amount for "Salaries and expenses," \$31,000; and the limitation on traveling expenses under this head in The Supplemental Appropriation Act, 1948, is increased from "\$50,000" to "\$60,000".

Public Law 395, Eightieth Congress, authorizes the continuation, until February 28, 1949, of powers to allocate rail transportation and equipment. Authority vested in the President by the same statute to approve agreements among affected interests for allocation of transportation facilities and equipment was delegated to the Office of Defense Transportation by Executive Order 9919 dated January 3, 1948. This estimate is to provide the additional funds needed by the Office of Defense Transportation to continue operations from March 1 until June 30, 1948, and to assume the functions delegated by Executive Order 9919. An estimate for fiscal year 1949 requirements is being submitted separately.

INDEPENDENT OFFICES

ATOMIC ENERGY COMMISSION

Salaries and expenses: The authorization under this head in the Independent Offices Appropriation Act, 1948, to enter into contracts for the purposes of the appropriation therein made, is hereby increased from "\$250,000,000" to "\$450,000,000": *Provided*, That the limitations on travel expenses and purchase of newspapers and periodicals imposed by sections 105 and 106 of said Act, respectively, shall not apply to the appropriation under this head: *Provided further*, That the proviso under this head in said Act, limiting the salaries of certain officers or employees, shall not be effective after February 29, 1948.

The additional authority to contract is necessitated principally to meet previously unforeseen program requirements involving major construction projects. While no additional cash appropriation is needed by the Atomic Energy Commission for the remainder of fiscal year 1948, this acceleration and expansion of program requires an additional \$200,000,000 in contract authority prior to the end of the current fiscal year.

The proposed language making inapplicable the provisions of sections 105 and 106 of the Independent Offices Appropriation Act, 1948, is needed to permit the Commission to meet necessary travel costs not anticipated earlier, including travel of personnel of the armed services in connection with tests to be conducted in the Pacific area, and to secure nontechnical newspapers and periodicals required in carrying out the security responsibilities of the Atomic Energy Commission. The Commission considers essential the removal of the salary limitation imposed by the Independent Offices Appropriation Act, 1948, such discontinuance to be effective February 29, 1948, to enable it to staff a limited number of key positions with experienced and fully qualified persons.

COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH OF THE GOVERNMENT

Salaries and expenses: For salaries and expenses of the Commission on Organization of the Executive Branch of the Government, \$1,188,600: *Provided*, That the appropriation of \$750,000 under this head in the Second Supplemental Appropriation Act, 1948, is hereby consolidated with and made a part of this appropriation, the total thereof to be disbursed and accounted for as one fund which shall remain available during the existence of the Commission for expenses necessary to carry out the Act of July 7, 1947 (Public Law 162), as amended by the Act of December 19, 1947 (Public Law 391), including travel expenses; printing and binding; and deposits in the Treasury for penalty mail (39 U. S. C. 321d).

The above estimate of appropriation is required to permit the Commission on Organization of the Executive Branch of the Government to undertake additional studies and investigations in order to fully carry out the requirements of the act of July 7, 1947 (Public Law 162).

FEDERAL MEDIATION AND CONCILIATION SERVICE

Salaries and expenses: For an additional amount for "Salaries and expenses," including attendance at meetings concerned with labor and industrial relations; services as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a); and payment of claims pursuant to section 403 of the Federal Tort Claims Act (28 U. S. C. 921); \$950,000.

The Federal Mediation and Conciliation Service was created as an independent agency, effective August 22, 1947, by the Labor-Management Relations Act, 1947 (Public Law 101, act of June 23, 1947). Recognizing the difficulty of estimating the needs of the new Service, the Congress made available interim appropriations containing special language to authorize the apportionment of the entire amounts for obligation prior to February 15, 1948.

The initial appropriation of \$1,320,000 for salaries and expenses is expected to be exhausted about March 1, 1948. This supplemental estimate of appropriation is to provide for the operation of the Service for the remainder of the fiscal year 1948. The estimate has been

computed on the basis of the responsibilities of the Service and the anticipated volume of work.

The proposed language changes are designed to relieve the agency of possible hampering restrictions on attendance at meetings concerned with labor and industrial relations, to provide for utilization of contract reporting services, etc., as authorized by section 15, Public Law 600, August 2, 1946 (5 U. S. C. 55a), and to provide for payment of claims pursuant to the Federal Tort Claims Act (28 U. S. C. 921).

FEDERAL POWER COMMISSION

Flood-control surveys: For an additional amount for "Flood-control surveys," \$35,000, and the limitation under this head in the Independent Offices Appropriation Act, 1948, on the amount which may be expended for personal services in the District of Columbia, is increased from "\$114,900" to "\$126,900".

These additional funds are required in fiscal year 1948 to permit the Federal Power Commission to keep its river basin survey work current with the expanded water resource development programs of the Corps of Engineers and the Bureau of Reclamation. The Federal Power Commission has the responsibility under law for providing certain survey and project planning data for the improvements coming within these programs. The construction work of the Corps of Engineers and the Bureau of Reclamation has been substantially expanded as a result of increased appropriations for 1948, and this estimate is to provide the funds for the corresponding increasing demands on the Federal Power Commission.

FEDERAL SECURITY AGENCY

BUREAU OF EMPLOYEES' COMPENSATION

Employees' compensation fund: For an additional amount for "Employees' compensation fund," \$3,300,000.

Congress appropriated \$10,250,000 in the Labor-Federal Security Appropriation Act, 1948, for payment of compensation benefits as provided in the Employees' Compensation Act of 1916, and war-risk benefits and wage accrual payments as provided in the act of December 2, 1942, as amended. The experience of the agency through December 31, 1947, indicates that increased average awards due to higher wage levels, increased cumulative numbers of permanent disability cases, and increased medical costs have placed a heavy burden on the fund. It is estimated that the total requirements under the fund will amount to \$13,550,000, or an additional \$3,300,000 to meet payments which become mandatory once claims are adjudicated.

HOWARD UNIVERSITY

Construction of buildings: In addition to the appropriation of \$1,377,920 contained in the Federal Security Agency Appropriation Act, 1947, for the construction of an engineering building and women's dormitory units on the grounds of Howard University, the Public Buildings Administration is authorized to enter into contracts for the purposes of said appropriation in an amount not to exceed \$1,640,000: *Provided*, That no contract shall be entered into for such purposes which will result in a total cost to the Federal Government for completion of such buildings in excess of \$1,707,520 for the engineering building and \$1,310,400 for the women's dormitory units: *Provided further*, That transfers of funds may be made to the Public Buildings Administration, Federal Works Agency, of amounts appropriated for construction of these buildings.

The Federal Security Agency Appropriation Act of 1947 made \$1,377,920 available for construction of an engineering building and two women's dormitory units at Howard University. However, rising building costs made it impossible to proceed with this construction. The latest estimated cost of these buildings as prepared by Public Buildings Administration is \$3,017,920.

The supplemental contract authorization of \$1,640,000 is requested in the fiscal year 1948 so that work may be begun at once on these buildings. Plans and specifications have been completed, but bids for construction have not been solicited. Contracts can be entered into promptly after authorization has been made.

OFFICE OF EDUCATION

Further development of vocational education: For an additional amount for "Further development of vocational education," \$1,583,942.

Additional funds are required to comply with the requirements of the act of July 8, 1947, Public Law 165, which appropriated \$17,750,000 for further development of vocational education but required apportionment to be made to the States on a basis of not to exceed \$19,842,759.97. Funds were apportioned on the basis of this figure but the unexpended balance in the States on June 30, 1947, was \$508,817 which reduced the total funds needed to \$19,333,942.

OFFICE OF VOCATIONAL REHABILITATION

Payments to States (including Alaska, Hawaii, and Puerto Rico): For an additional amount for payments to States in accordance with the Vocational Rehabilitation Act, as amended (29 U. S. C. ch. 4), \$2,000,000.

This estimate is to provide for additional payments to States for vocational rehabilitation for 1948 and results from rising costs of services and appliances purchased for clients; unanticipated State salary increases already authorized, including cost-of-living bonuses over which the Federal Government has no control; increased cost of travel due to more liberal allowances under State regulations, and audit adjustments in favor of the States. These increases have occurred since the regular submittal of the 1948 estimates and are obligations against the Federal Government under the terms of the Vocational Rehabilitation Act, as amended. In accordance with this act the Federal Government pays 100 percent of the costs of administration of State programs and 50 percent of the costs of case services purchased.

PUBLIC HEALTH SERVICE

Grants for hospital construction: For liquidation of contractual obligations authorized to be incurred during the fiscal year 1948 or any subsequent fiscal year for construction grants under part C, title VI, of the Public Health Service Act, as amended (42 U. S. C. 291-291m), \$15,000,000, to remain available until expended.

This estimate provides \$15,000,000 for the liquidation of obligations incurred under contract authorization approved in the appropriation act for fiscal year 1948. It is anticipated that during fiscal year 1948 the Federal share of approved hospital construction projects will total approximately \$50,000,000, with Federal payments estimated at \$15,000,000.

SOCIAL SECURITY ADMINISTRATION

Grants to States for old-age assistance, aid to dependent children, and aid to the blind: For an additional amount for "Grants to States for old-age assistance, aid to dependent children, and aid to the blind," \$101,000,000.

At the time of submission of the 1948 Budget, the 1946 amendments to the Social Security Act were scheduled to expire on December 31, 1947. The appropriation was based on that expiration date and on the assumption that the Federal matching provisions would revert to their former status during the second half of the year. Public Law 379, approved August 6, 1947, extended the life of the amendments to June 30, 1950. The need for the additional \$101,000,000 is due almost entirely to the extension of the 1946 amendments through the rest of the fiscal year.

OFFICE OF THE ADMINISTRATOR

Penalty mail costs: For an additional amount for "Penalty mail costs," \$90,000.

There was appropriated for 1948 the sum of \$500,000 to cover the costs of penalty mail for the Federal Security Agency. The increase in the wage record, claims, and beneficiary loads of the Bureau of Old-Age and Survivors Insurance and the expanded Public Health Service program authorized by the Congress have resulted in additional mailing requirements for these agencies. The amount appropriated for penalty mail costs by the Congress falls short of meeting these requirements by \$90,000.

FEDERAL WORKS AGENCY

BUREAU OF COMMUNITY FACILITIES

Maintenance and operation of schools: For an additional amount for "Maintenance and operation of schools," \$2,000,000; and the limitation under this head in the Second Supplemental Appropriation Act, 1948, on the amount available for administrative expenses, is increased from "\$50,000" to "\$100,000".

The act of August 1, 1947 (Public Law 317), authorizes for the fiscal year 1948 an appropriation of \$5,000,000 for Federal contributions to certain schools overburdened with war-incurred enrollments. In the Second Supplemental Appropriation Act, 1948, an appropriation of \$2,500,000 was approved.

As the result of a survey recently completed, it is now known that the amount of assistance needed by the designated schools will exceed the present appropriation. It is estimated that supplemental funds in the amount of \$2,000,000 will be required.

HOUSING AND HOME FINANCE AGENCY

FEDERAL HOUSING ADMINISTRATION

Federal Housing Administration: The amount made available under this head in The Government Corporations Appropriation Act, 1948, for administrative expenses of the Federal Housing Administration, is increased from "\$20,000,000" to "\$21,000,000", the additional amount to be derived from the sources specified under said head.

The proposed increase in the limitation on administrative expenses of the Federal Housing Administration during fiscal year 1948 is to provide for additional mortgage insurance work load resulting from enactment of Public Law 394, approved December 27, 1947. This act increased by \$750,000,000 the authorization to insure veterans' emergency housing under title VI of the National Housing Act. Provision for these requirements cannot be deferred until fiscal year 1949, since applications for the additional insurance will be filed prior to expiration of title VI on March 31, 1948, and should, in the interest of maximum production of housing, be processed promptly. These additional requirements were omitted from the 1948 Budget because, at the time of its preparation, the emergency program under title VI was scheduled for termination June 30, 1947, and its extension beyond that date and subsequent increases in the title VI insurance authorization, were not foreseen.

HOUSING EXPEDITER

The appropriations under the head "Salaries and expenses, Office of the Housing Expediter," in The Government Corporations Appropriation Act, 1948, and under the head "Salaries and expenses, Office of Rent Control," in The Supplemental Appropriation Act, 1948, shall be available for health service programs as authorized by law (5 U. S. C. 150).

Although funds for payment to the United States Public Health Service for services rendered in the maintenance of health service programs for employees were included in appropriations for the Housing Expediter for the fiscal year 1948, absence of specific authorizing language has prevented the use of the funds for these purposes. Omission of specific authorizing language was entirely inadvertent and the above amendment will correct this error.

PHILIPPINE WAR DAMAGE COMMISSION

Philippine War Damage Commission: The limitation under this head in the Independent Offices Appropriation Act, 1948, on the amount available for necessary expenses of the Philippine War Damage Commission, is increased from "\$1,900,000" to "\$2,175,000".

Operating experience which was not available at the time appropriation estimates for the fiscal year 1948 were submitted, indicates that an increase of \$275,000 in the limitation on funds available for administrative expenses of the Philippine War Damage Commission for the fiscal year 1948 is required. This increase will provide for additional personnel and other administrative expenses for the processing of claims at a rate necessary to complete the objectives of title I of the Philippine Rehabilitation Act of 1946 by the termination date of April 30, 1951.

UNITED STATES MARITIME COMMISSION

Construction fund: For an additional amount for the construction fund established by the Merchant Marine Act, 1936, for administrative personal services, \$259,931, and the limitation in the Independent Offices Appropriation Act, 1948, on obligations against the construction fund for such services is increased from "\$8,000,000" to "\$8,259,931", and the limitation in said Act on expenditures from said fund is increased from "\$208,206,774" to "\$208,466,705".

This estimate is to provide for the immediate employment of (1) 180 additional persons to clear up accounting backlogs necessary for the recovery of approximately \$30 million and (2) 300 additional persons to process vessel inventory backlogs which will permit the billing of approximately \$37 million due the Government. In order to assure maximum recovery, it is essential that this work be done promptly. Staff to complete these projects is included in the 1949 Budget.

The accounting backlog relates to the \$14.5 billion war construction program of the United States Maritime Commission and to the \$11 billion vessel operating program of the former War Shipping Administration. The estimate would implement a recommendation made by the Maritime Commission-General Accounting Office Joint Accounting Committee, completed too late for inclusion as an amendment to the 1948 Budget.

Approximately 4,300 vessel inventories and 1,100 overage and shortage statements remain for pricing and billing. This work, which in some cases extends as far back as 1943, should be on a current basis by the end of fiscal year 1949.

Maritime training: The limitation under this head in the Independent Offices Appropriation Act, 1948, on administrative expenses, is increased from "\$250,000" to "\$300,000", and the limitation under said head on transfers to appropriations of the Public Health Service is increased from "\$64,000" to "\$82,900".

These increases in limitations are required to maintain an adequate headquarters administrative staff and adequate medical care for trainees under the program provided for in the Independent Offices Appropriation Act, 1948. This act provided for the operation of five schools instead of the two contemplated in the 1948 Budget. The act, however, did not increase the limitations upon the amounts available for administrative expenses or for transfer to the Public Health Service. The recommended increases in limitations can be financed through savings anticipated in the operating program, as indicated by the current obligational rate.

War Shipping Administration functions: The sum of \$4,650,000 of the operating receipts made available by the Second Supplemental Appropriation Act, 1948, for salaries and general administrative expenses, shall be available until June 30, 1948, for carrying out the functions extended by the Act of _____, 1948 (Public Law _____): *Provided*, That the limitation under the head "United States Maritime Commission" in the Second Supplemental Appropriation Act, 1948, on the use of operating receipts for "Cost of placing vessels into reserve fleet," is increased from "\$5,500,000" to "\$6,103,000".

On December 1, 1947, the President sent a special message to Congress requesting that authority of the Maritime Commission to sell, charter, and operate vessels be extended from March 1, 1948, to June 30, 1949 (House Document 468).

The recommended draft of language for administrative expenses will permit the Commission to continue the employment of personnel now engaged in vessel charter, sales, and operating activities from March 1 through June 30, 1948.

Chartered vessels may be turned back to the Government upon a 15-day notice by the charterer. In order to avoid expensive port charges it is desirable to place returning vessels in reserve fleets

promptly. The limitation upon this item of expense for the period July 1, 1947, to February 29, 1948, is proving to be inadequate due to a larger turn-over of vessels than had been anticipated. It is therefore necessary to increase this limitation by \$603,000, the increase to be met by savings in other limitations rather than by new appropriation.

War Shipping Administration liquidation: The appropriation to the Secretary of the Treasury in the Second Supplemental Appropriation Act, 1948, for liquidation of obligations found by the General Accounting Office to have been properly incurred against funds of the War Shipping Administration prior to January 1, 1947, is hereby continued available until June 30, 1948: *Provided*, That hereafter all moneys accruing to the United States Maritime Commission from operations under the War Shipping Administration revolving fund prior to September 1, 1946 (including all moneys received from agent operators), shall be covered into the Treasury as miscellaneous receipts.

The liquidation of obligations of the former War Shipping Administration (estimated to total \$307,177,031) is proceeding more slowly than anticipated when the availability of funds for this purpose was limited to March 31, 1948. In addition to vouchers, numerous claims are outstanding, many of them subject to litigation. It is necessary, therefore, to make provision for this Government liability beyond March 31, 1948. A similar provision, extending availability of this indefinite appropriation through the fiscal year 1949, has been included in the 1949 Budget.

Vessel operating functions: For expenses (other than administrative expenses) necessary for carrying out the operating functions transferred to the United States Maritime Commission by section 202 of the Naval Appropriation Act, 1947 (60 Stat. 501), during the period March 1 to June 30, 1948, \$19,738,000: *Provided*, That receipts from such functions earned during said period shall be deposited in the Treasury as miscellaneous receipts.

The 1948 appropriation for this purpose is available only until March 1, 1948, the date authorization for the sale, charter, and operation of vessels terminates under present law. On December 1, 1947, however, the President sent a special message to Congress recommending that these powers be extended to June 30, 1949 (House Document 468). This estimate is necessary to provide for sales, charter, and operating activities from March 1 through June 30, 1948. It provides the total amount required for these activities rather than continuing the availability of the operating receipts. With completion of the sale of tank vessels now operated by the Commission, these receipts will be so small that continuation of the present method of financing, with its attendant accounting problems, appears no longer warranted. On March 1, 1948, it is anticipated that the Government will have completely terminated its wartime program of operating vessels for Government account through agents, with the exception of the operation of 10 passenger vessels which it has been unable either to sell or to charter.

DISTRICT OF COLUMBIA

COMPENSATION AND RETIREMENT FUND EXPENSES

District government employees' compensation: For an additional amount for "District government employees' compensation," \$45,000.

REGULATORY AGENCIES

Office of Recorder of Deeds: For an additional amount for "Office of Recorder of Decds," \$33,992.

PUBLIC SCHOOLS

Capital outlay: The Commissioners of the District of Columbia are authorized to enter into contract or contracts for construction of the following school buildings or additions to school buildings at a total cost in each case of not to exceed the specified amounts, namely:

Beers Elementary School addition, \$577,000;
 Central High School alterations and additions, \$71,000;
 Crummell Elementary School addition, \$136,000;
 Montgomery Elementary School, \$708,000;
 Nalle Elementary School, \$882,000;
 Sousa Junior High School, \$2,240,000;
 Taft Junior High School addition, \$961,000;
 Young Elementary School addition, \$360,000;

and transfers may be made within the fund "Capital outlay, construction, public schools, District of Columbia," between projects without reference to the established limitations of cost, except that the cost limitation for no one project may thereby be increased by more than 10 percent.

METROPOLITAN POLICE

Capital outlay, Metropolitan Police: The Commissioners of the District of Columbia are authorized to enter into contract or contracts for construction of a police precinct station house in square 5083 at a total cost of not to exceed \$206,000.

COURTS

United States courts: For an additional amount, fiscal year 1947, for "United States Courts," \$227,311.64.

HEALTH DEPARTMENT

Operating expenses, Health Department (excluding hospitals): For an additional amount for "Operating expenses, Health Department (excluding hospitals)," \$3,400, including enforcement of the Act relating to the licensing of undertakers.

Capital outlay, Gallinger Municipal Hospital: For the construction of three elevators and for revision of heating system for the psychiatric unit, \$54,500, to remain available until June 30, 1949.

Medical charities: For an additional amount, fiscal year 1947, for care and treatment of indigent patients under contracts made by the Health Officer of the District of Columbia and approved by the Commissioners with institutions, as follows: Children's Hospital, \$36,923; Central Dispensary and Emergency Hospital, \$23,845.30; Eastern Dispensary and Casualty Hospital, \$24,333.05; in all, \$85,101.35.

Medical charities: For an additional amount, fiscal year 1946, for care and treatment of indigent patients under contracts made by the Health Officer of the District of Columbia and approved by the Commissioners with institutions, as follows: Children's Hospital, \$27,218; Central Dispensary and Emergency Hospital, \$11,203.40; Eastern Dispensary and Casualty Hospital, \$16,759.70; in all, \$55,181.10.

PUBLIC WELFARE

Agency services: For an additional amount for "Agency services," \$36,000; and the limitation for carrying out a "penny milk" program for the school children of the District of Columbia is increased from "\$62,000" to "98,000".

Capital outlay, District Training School: The Commissioners of the District of Columbia are authorized to enter into contract or contracts for the construction and equipment of a laundry building for the District Training School at a total cost of not to exceed \$165,000.

Saint Elizabeths Hospital: For an additional amount for "Saint Elizabeths Hospital," \$250,000.

PUBLIC WORKS

Capital outlay, Refuse Division: The Commissioners of the District of Columbia are authorized to enter into contract or contracts for the construction of a refuse transfer station in square 739 at a total cost of not to exceed \$965,000.

SETTLEMENT OF CLAIMS AND SUITS

For the payment of claims in excess of \$250, approved by the Commissioners in accordance with the provisions of the Act of February 11, 1929, as amended (46 Stat. 500), \$2,633.23.

JUDGMENTS

For the payment of final judgments, rendered against the District of Columbia, as set forth in House Document No.—, together with such further sum as may be necessary to pay the interest at not exceeding 4 per centum per annum on such judgments, as provided by law, from the date the same became due until the date of payment, \$11,924.35.

	Amount of judgment	Costs	Total
Edwin E. Elliott.....	\$6,000.00	\$85.00	\$6,085.00
Thomas C. Collier.....		111.00	111.00
Catholic Home for Aged Ladies, Inc.....		97.80	97.80
Paul Cooke.....		151.55	151.55
Elizabeth M. Rogers.....	5,000.00	79.00	5,079.00
Elsie Cornell.....	400.00		400.00
Total.....	11,400.00	524.35	11,924.35

DIVISION OF EXPENSES

The sums appropriated in this Act for the District of Columbia shall, unless otherwise specifically provided, be paid out of the general fund of the District of Columbia, as defined in the District of Columbia Appropriation Act, 1948.

The Commissioners of the District of Columbia have submitted the above estimates of appropriation and proposed contract authorizations to the Bureau of the Budget with the statement that such amounts are required to meet contingencies which have arisen since the transmission of the Budget for the fiscal years involved.

The estimated revenues and other funds available to the District of Columbia appear to be sufficient for the current fiscal year to provide for the expenditures herein proposed.

DEPARTMENT OF AGRICULTURE

AGRICULTURAL RESEARCH ADMINISTRATION

BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE

Salaries and Expenses

Insect investigations: For an additional amount for "Insect investigations," to provide for investigations in Mexico, including testing of methods that may be used for the control of citrus blackfly, \$100,000, to remain available until June 30, 1949.

It is now well established that the blackfly of citrus is spreading and increasing in intensity in Mexico and that infestations occur not far from the citrus-producing areas of Texas, Arizona, and California. Furthermore, the insect is not being held in check by the parasite which has been colonized in the infested area or by the regulatory and control measures that are being carried out in Mexico. Should this insect become established within the United States, it would result in a materially increased cost for pest control in the growing of the citrus crop.

Because of its rapid spread and the importance of taking full advantage of what is known of the seasonal development of the pest, it is highly important that spray tests be inaugurated during the dry season, which normally continues until May, and that necessary operations be carried on throughout the fiscal year 1949 to assure full effectiveness of the funds.

Insect and plant disease control: For an additional amount for "Insect and plant disease control," \$203,600.

In 1947, pink bollworm of cotton spread into 42 additional counties in Texas, 1 additional county in New Mexico, and into Oklahoma for the first time, resulting in 8 counties in southwestern Oklahoma being placed under quarantine. This spread made it necessary to place 402 additional gins and 14 oil mills under regulations in Texas, 2 gins in New Mexico, and 163 gins and 13 oil mills in Oklahoma, representing about a 90-percent increase in processing plants under pink bollworm regulations over the number on September 1, 1947. In addition, it is necessary to make early inspections of fields in southern Texas and adjacent areas of Mexico and apply DDT insecticides late in the present fiscal year as conditions of infestation develop, since it was recognized last season that certain areas were becoming heavily infested on both sides of the border.

To protect the previously existing quarantine area requires an allocation from appropriated funds of \$724,000, and it is estimated that an additional \$203,600 will be necessary to expand the program of control to include the new areas of infestation.

Control of Emergency Outbreaks of Insects and Plant Diseases

Control of emergency outbreaks of insects and plant diseases: For an additional amount for "Control of emergency outbreaks of insects and plant diseases," \$442,000.

The 1948 appropriation act provided \$2,050,000 for control of emergency outbreaks of insects and plant diseases, of which the Department allocated \$671,000 for control of grasshoppers and Mor-

mon crickets. This sum is sufficient to take care of a normal infestation. Surveys just completed by the Department, however, indicate a potential grasshopper population in 1948 substantially in excess of any that has developed since 1939, and demonstrate the need for an additional appropriation for the current year to combat these pests. Under the coordinated program of control, the State and local agencies, including property owners, contribute fully 50 percent of the cost.

CONTROL OF FOREST PESTS

Forest Pest Control Act: For expenses necessary to carry out the Forest Pest Control Act of July 25, 1947 (Public Law 110), \$843,000, to remain available until December 31, 1948.

Recent surveys by the Department of Agriculture reveal that it is confronted with several serious forest tree insect epidemics on the national forests, one of which extends into an adjacent national park. These epidemics, caused by bark beetles in the West and defoliators in the Lake States (Michigan, Wisconsin, and Illinois); are resulting in serious tree losses.

The plan of control for bark beetles is to treat the infested trees as early in the spring of 1948 as conditions will permit, prior to the emergence of the beetles and the attack on additional trees. This control work will require \$803,000 of the total amount requested. The plan of control for the defoliating insects in the Lake States will consist principally of aerial spraying with DDT during the summer and fall, after the insects have hatched and have started feeding, and will require the remainder, \$40,000.

FOREST SERVICE

SALARIES AND EXPENSES

National forest protection and management: For an additional amount for "National forest protection and management," \$475,000.

The 1948 appropriation provided for a timber sales program involving the production of 3.5 billion board feet of lumber. Sufficient progress has been made toward this goal to not only assure its attainment but to permit it to be exceeded by an additional 400 million board feet provided additional administrative funds are made available. To handle this additional production would require an increase of \$475,000, but this expenditure would increase gross revenues by an estimated \$2,000,000. The demand for national-forest timber continues unabated, and these additional funds will contribute to the general supply of forest products, to the harvest of deteriorating timber, to better growing conditions in the forests, and to an increase in Federal revenues.

Fighting forest fires: For an additional amount for "Fighting forest fires," \$4,932,000.

Because of the impossibility of determining definitely in advance the amount of funds required during any fiscal year for fighting and preventing fires in the national forests, the annual appropriation act for the Department of Agriculture for a number of years past has provided the nominal sum of \$100,000 for this purpose. The practice has been to supplement this sum to the extent actually required by the temporary use of funds appropriated for general expense purposes of the Forest Service. After the close of the fire season each year,

it has been the custom of the Department to submit estimates, and of Congress to appropriate, the funds needed to reimburse these general expense appropriations. The purpose of this supplemental estimate of appropriation is to provide similar reimbursement for expenditures actually incurred by the Forest Service since July 1, 1947, and to provide for estimated expenditures during the remainder of the fiscal year 1948.

FEDERAL INTERMEDIATE CREDIT BANKS

Federal Intermediate Credit Banks: The amount made available under this head in the Government Corporations Appropriation Act, 1948, for administrative expenses of the Federal Intermediate Credit Banks, is increased from \$1,250,000 to \$1,277,500, the additional amount to be derived from the sources specified under said head.

This supplemental estimate, to increase the administrative expense limitation of the Federal Intermediate Credit Banks, is required in order to reimburse the General Accounting Office for auditing the financial transactions of the banks for the fiscal years 1945, 1946, and 1947, in accordance with the George Act (59 Stat. 5) and the Government Corporation Control Act (59 Stat. 597). The requested administrative expense limitation in the 1948 Budget did not cover these audit costs, since it was originally considered that the reimbursement to the General Accounting Office would not be classified as administrative expenses in which case the corporation could have made the expenditure from the banks' funds without congressional authorization.

DEPARTMENT OF COMMERCE

OFFICE OF THE SECRETARY

Printing and binding: For an additional amount for "Printing and binding," \$70,000.

As a result of unforeseen increases in printing prices which have gone into effect during the fiscal year 1948, the current appropriation is insufficient to meet the essential printing and binding requirements of the Department.

CIVIL AERONAUTICS ADMINISTRATION

Salaries and expenses: The appropriation under this head in the Department of Commerce Appropriation Act, 1948, shall be available for hire of aircraft.

In order to obtain through the most economical means an increase in flight-hours essential to the work of the agency, provision was made in the 1949 Budget for the hire of aircraft by the Civil Aeronautics Administration which would allow a reduction of its fleet to 95 aircraft by September 30, 1948. Provision for the hire of aircraft during the fiscal year 1948 will permit more rapid disposal of the present fleet and accelerate the transition to the new program.

COAST AND GEODETIC SURVEY

Salaries and expenses, field: For an additional amount for "Salaries and expenses, field," \$152,000.

This estimate is to provide funds for the acceleration of surveys along the coasts of Alaska in areas where existing hydrographic and geodetic data are inadequate to meet the needs of essential navigation.

GENERAL PROVISION—DEPARTMENT OF COMMERCE

Notwithstanding the provisions of the Department of Commerce Appropriation Act, 1948, for the furnishing of emergency medical services to employees in Alaska and other areas outside the United States on a reimbursable basis, the appropriations for "Salaries and expenses" of the Civil Aeronautics Administration, "Salaries and expenses" of the Civil Aeronautics Board, and "Salaries and expenses" of the Weather Bureau, shall be available during the fiscal year 1948 for furnishing such services without charge when authorized or approved by the Secretary of Commerce.

The proposed amendment will provide for: (1) restoration of the free emergency medical services which, prior to the fiscal year 1948, were furnished to certain employees of the Department in Alaska, and (2) the extension of these benefits to other areas outside the United States where determined necessary by the Secretary. Owing to the remote and isolated posts of duty to which employees are assigned in certain areas outside the United States, it is necessary that the Department be authorized to care for employees who may be incapacitated by injury or illness. Experience during the first half of the fiscal year 1948 indicates an urgent need for this provision.

DEPARTMENT OF THE INTERIOR

OFFICE OF THE SECRETARY

SALARIES

Salaries: For an additional amount for "Salaries," \$20,000.

OIL AND GAS DIVISION

Oil and Gas Division: For an additional amount for "Oil and Gas Division," \$65,000.

The purpose of the foregoing estimates is to provide funds to enable the Secretary of the Interior to discharge responsibilities respecting fuels delegated to him by Executive Order 9919 dated January 3, 1948, issued pursuant to Public Law 395, approved December 30, 1947, which was enacted by the Congress to aid in the stabilization of commodity prices and in further stabilizing the economy of the United States.

CONTINGENT EXPENSES, DEPARTMENT OF THE INTERIOR

Penalty mail costs: For an additional amount for "Penalty mail costs," \$65,000.

The substantial reduction in the appropriation made to the Department of the Interior to cover penalty mail costs during the current fiscal year, coupled with an increase in the cost rate from \$15 to \$18.60 per thousand pieces for such mailings limits authorized mailings in 1948 to 7,339,000 pieces or 42 percent less than the number mailed in the fiscal year 1947. To avoid the discontinuance of essential services, it is estimated that not less than 10,883,000 pieces must be mailed during the current fiscal year. This will involve an additional cost in the amount of this estimate.

BONNEVILLE POWER ADMINISTRATION

Construction, operation, and maintenance, Bonneville power transmission system: For an additional amount for "Construction, operation, and maintenance, Bonneville power transmission system," \$725,000, to remain available until expended; and the limitation under this head in the Interior Department Appropriation Act, 1948, on the amount available for operation and maintenance of the Bonneville transmission system, is increased from "\$2,500,000" to "\$2,700,000", and the limitation under said head on the amount available for personal services in the District of Columbia is increased from "\$24,000" to "\$24,500": *Provided*, That in addition to the contract authorizations contained in the Interior Department Appropriation Act, 1948, and The Supplemental Appropriation Act, 1948, the Administrator is authorized to contract in the fiscal year 1948 for materials, equipment, and services for power transmission facilities in an amount not in excess of \$1,475,000.

The purposes of this supplemental estimate are to (1) advance the Bonneville-Grand Coulee transmission program to conform with the accelerated Grand Coulee generator installation schedule, (2) relieve extreme hardship cases where inadequate service is now being provided, (3) improve power service to the Hanford Atomic Plant, and (4) prevent deferment of essential maintenance and provide adequate staff for operating the transmission system.

BUREAU OF LAND MANAGEMENT

The limitations under the head "Salaries and expenses" in the Interior Department Appropriation Act, 1948, and under the head "Management, protection, and disposal of public lands" in the Interior Department Appropriation Act, 1948, as increased by the Second Supplemental Appropriation Act, 1948, on the amounts available for carrying out the provisions of the Act of June 28, 1934 (43 U. S. C. 8A), as amended, shall be exclusive of those classes of expenses which were incurred prior to the adoption of Reorganization Plan Number 3 of 1946, by the General Land Office in carrying out certain provisions of said Act.

Appropriations to the Department of the Interior, Bureau of Land Management, for the 1948 fiscal year for "Salaries and expenses" and "Management, protection, and disposal of public lands" include limitations of \$91,000 and \$698,000, respectively, on expenditures for carrying out the provisions of the Taylor Grazing Act of June 28, 1934, as amended. In a decision of January 12, 1948, the Comptroller General has held that these limitations apply to those classes of expenditures incurred by the General Land Office as well as to those incurred by the Grazing Service prior to the adoption of Reorganization Plan No. 3 of 1946, which consolidated these two services under the Bureau of Land Management. The proposed language provisions will exclude from the limitations those classes of expenses previously incurred by the General Land Office.

Fire fighting: For an additional amount for "Fire fighting," \$95,000.

An additional amount of \$95,000 is required to augment the 1948 appropriation of \$40,000 for fighting fires on or threatening lands under the jurisdiction of the Bureau of Land Management in the United States and Alaska. This additional sum is needed to cover actual fire suppression costs to November 30, 1947, and to provide a small amount to meet obligations during the remainder of the current fiscal year.

Payment to Oklahoma from royalties, oil and gas, south half of Red River: For an additional amount, fiscal year 1947, for "Payment to Oklahoma from royalties, oil and gas, south half of Red River," \$379.24.

An additional amount of \$379.24 is required for the purpose of paying to the State of Oklahoma its share of oil and gas royalties received from the south half of the Red River, Oklahoma, during the fiscal year 1947.

BUREAU OF INDIAN AFFAIRS

Emergency work program, Navajo and Hopi Indians: For expenses necessary for administering and carrying out a work program for the Navajo and Hopi Indians, in accordance with the Act of December 19, 1947 (Public Law 390), including personal services in the District of Columbia; printing and binding; purchase (not to exceed twenty-one) of passenger motor vehicles; and hire, maintenance, and operation of aircraft; \$1,500,000, to remain available until June 30, 1949.

Public Law 390, approved December 19, 1947, authorizes an appropriation of \$2,000,000 to provide immediate relief for needy Navajo and Hopi Indians; to provide useful employment on permanent construction projects duly authorized; and to secure employment for these Indians off their reservations. The Third Supplemental Appropriation Act, 1948, approved December 23, 1947, included \$500,000 for "Welfare of Indians," which was principally for direct relief [of the Navajo and Hopi Indians.

This estimate will provide employment for these Indians in the construction, repair, and improvement of buildings, utilities, roads, and bridges; the conversion of desert lands on the Colorado River Reservation into irrigated farms; soil- and moisture-conservation operations; and the promotion of general farming, livestock, and gardening programs.

Suppressing forest and range fires: For an additional amount for "Suppressing forest and range fires," \$25,000.

This estimate is to meet fire-suppression costs on Indian reservations during the current fiscal year in excess of the \$12,000 appropriated for that purpose in the Interior Department Appropriation Act, 1948. The additional sum is needed to cover actual suppression costs incurred to date and to provide a small amount to meet obligations for this purpose during the remainder of the year.

MISCELLANEOUS INDIAN TRIBAL FUNDS

Suppressing forest and range fires (tribal funds): For an additional amount for "Suppressing forest and range fires (tribal funds)," \$25,000.

This item is to increase from \$25,000 to \$50,000 the present authorization for the expenditure of tribal funds for the suppression and

emergency prevention of fires on those Indian reservations where tribal funds are available. Fire suppression costs in the early part of the fiscal year have practically exhausted the present authorization and an additional \$25,000 will be required to make funds available for such purposes during the spring and early summer fire season.

BUREAU OF RECLAMATION

CONSTRUCTION

Construction: For an additional amount for "Construction," out of the reclamation fund created by the Act of June 17, 1902, as amended (43 U. S. C. 391), for construction and continuation of construction of the following projects in not to exceed the following amounts, to remain available until expended, all to be reimbursable (except as otherwise provided by law) under the reclamation laws:

Boise project, Idaho, Anderson Ranch dam, \$700,000;

Boise project, Idaho, Payette division, \$800,000;

Rathdrum Prairie project, Idaho, \$109,500 to be available for emergency rehabilitation of the works of the Hayden Lake unit.

Almost all of the 1948 appropriation of \$3,874,000 for the Boise project, Idaho, Anderson Ranch dam, has already been used for the substantial completion of the earth-fill dam under a cost-plus-a-fixed-fee contract now being terminated. Very favorable bids have recently been received by the Bureau of Reclamation for completion of the spillway, power plant and appurtenant works under a unit-price contract. Installation of the steel penstock header in the tunnel can be accomplished only during the winter months when outflow from the reservoir is shut off. The additional amount is to permit prompt award of the new contract and the installation of the steel penstock pipe in the tunnel during the late winter and spring of 1947-48, thereby advancing by a year the date when the irrigation, flood control, and power benefits, resulting from the project, may be realized.

Increased costs and unexpected additional items of work on the Boise project, Idaho, Payette division, have served to deplete available funds to the point where it is now impossible to complete the project to the stage required to deliver water to any lands in the crop year 1948 without additional appropriations. The estimate for this project is to permit continuation of work during the remainder of the fiscal year under existing large continuing contracts and under small related contracts.

The estimate for Rathdrum Prairie project is for emergency rehabilitation work on an existing deteriorated section of woodstave conduit serving the Hayden Lake unit.

OPERATION AND MAINTENANCE

Parker Dam power project, Arizona-California: For an additional amount for "Parker Dam power project, Arizona-California," from power and other revenues, \$726,000.

The extreme power shortage in the Parker Dam power project market area and the increased demands for additional electric energy to pump water for irrigation purposes continue to exist as a result of several years of severe drought. It is necessary to purchase and transmit west coast energy over Bureau of Reclamation facilities to power contractors in central and southern Arizona to offset these shortages

and prevent serious crop damage. The energy is resold at a rate sufficient to recover the purchase cost and other necessary expenses. Funds provided for this purpose in the Interior Department Appropriation Act, 1948, will be exhausted by the middle of March 1948, and additional appropriations are required to continue the procedure for the remainder of the fiscal year. The estimate of \$726,000 is to provide the additional funds required.

North Platte project, Nebraska-Wyoming: For an additional amount for "North Platte project, Nebraska-Wyoming," from power revenues, \$56,800, of which \$25,000 is for payment of a claim under part 2 of the Federal Tort Claims Act of August 2, 1946 (28 U. S. C. 921).

Of the total estimate of \$56,800 for operation and maintenance for the North Platte project, \$31,800 is required for recently authorized pay increases for wage-board employees, for the purchase of metering equipment to serve additional customers, and for the purchase of transmission-line poles and hardware for use in emergency repairs of the transmission system. The amount of \$25,000 for payment of a claim is required to discharge the liability of the United States under a compromise settlement effected by the Attorney General of the United States and approved by the United States District Court for the District of Wyoming in a suit instituted against the United States pursuant to authority contained in the Federal Tort Claims Act.

COLORADO RIVER DAM FUND

Boulder Canyon project: For an additional amount for "Boulder Canyon project," payable from the Colorado River Dam Fund, \$55,000.

The estimate for the Boulder Canyon project is to provide funds for recently authorized wage board increases for unclassified labor, for the repair of homes at Boulder City formerly maintained by the Defense Homes Corporation and purchased after the regular budget submission for fiscal year 1948 had been approved, and for the additional cost of stream-flow forecasting and water dispatching required during the present power shortage period to obtain the most economic use of water downstream from Hoover Dam from the standpoint of flood control, irrigation, and power production, as well as the maximum production of electric energy at Hoover Dam.

GEOLOGICAL SURVEY

Gaging streams: For an additional amount for "Gaging streams," \$635,500, for cooperation with States or municipalities.

The purpose of this estimate is to provide additional funds for cooperative water-resources investigations during the current fiscal year. Cooperating States and municipalities have now appropriated \$2,222,000 for these activities during 1948, in the expectation that Federal funds in an equal amount would be provided, in accordance with the long-established practice of equal participation in the Nation-wide water investigations. However, the total amount of Federal funds available for matching those offerings is only \$1,586,500.

BUREAU OF MINES

Salaries and expenses: For an additional amount for "Salaries and expenses," \$52,000; and the limitation under this head in the Interior Department Appropriation Act, 1948, on the amount available for printing and binding, is increased from "\$65,000" to "\$77,500", and the limitation under said head on the amount available for personal services in the District of Columbia is increased from "\$93,000" to "\$128,500".

Economics of mineral industries: For an additional amount for "Economics of mineral industries," \$260,000; and the limitation under this head in the Interior Department Appropriation Act, 1948, on the amount available for personal services in the District of Columbia, is increased from "\$580,000" to "\$775,000".

The purpose of the foregoing estimates is to provide funds to enable the Bureau of Mines to discharge responsibilities respecting fuels delegated to the Secretary of the Interior by Executive Order 9919 dated January 3, 1948, issued pursuant to Public Law 395, approved December 30, 1947, which was enacted by the Congress to aid in the stabilization of commodity prices, and in further stabilizing the economy of the United States.

NATIONAL PARK SERVICE

Emergency reconstruction and fighting forest fires: For an additional amount for "Emergency reconstruction and fighting forest fires," \$570,000, of which \$443,400 shall be available until June 30, 1949, in the Acadia National Park, Maine, for reforestation, forest clean-up, and repair and reconstruction of buildings and facilities damaged or destroyed by fire: *Provided*, That the provisions of section 1 of the Act of August 24, 1912, as amended (16 U. S. C. 451), shall not apply to reconstruction of buildings in said park under this appropriation.

This estimate is to meet fire suppression costs incurred during the current fiscal year and to provide funds for the reconstruction, replacement, and repair of roads, trails, bridges, buildings, and equipment in areas under the jurisdiction of the National Park Service that have been damaged or destroyed by flood, fire, storm, or other unavoidable causes. The estimate of \$570,000 includes \$493,342 because of the recent fire in Acadia National Park, Maine, which will provide \$49,942 for fighting forest fires, \$196,000 for clean-up and fire hazard reduction, \$197,400 for repair and reconstruction, and \$50,000 for reforestation. For areas other than Acadia National Park, the estimate includes \$76,658 for fighting forest fires and for repair and reconstruction of facilities.

FISH AND WILDLIFE SERVICE

SALARIES AND EXPENSES

Alaska fisheries: For an additional amount for "Alaska fisheries," \$50,000.

The foregoing estimate is to provide funds for the purchase of supplies for the maintenance of the natives of the Pribilof Islands. Since 1945 the cost of such supplies is estimated to have increased about 40 percent. Due to the unavailability in the market during the past several years of many items normally procured for the natives and the availability of inventories, the significance of price increases has not heretofore been great. However, the exhaustion of inven-

tories coupled with continuing price increases has created such a shortage in available funds as to preclude the procurement of a minimum quantity of required supplies.

GOVERNMENT IN THE TERRITORIES

TERRITORY OF ALASKA

Insane of Alaska: For an additional amount for "Insane of Alaska," \$112,200.

Pursuant to section 7 of the act of February 6, 1909 (35 Stat. 601), as amended by the act of October 14, 1942 (56 Stat. 782), the Secretary of the Interior contracted in 1942 with the Sanitorium Co. of Portland, Oreg., for the care and treatment of persons legally adjudged insane in Alaska, at a base rate of \$70 per month per patient. The contract provides that this base rate shall be adjusted at the end of each 6 months, upon the basis of the cost-of-living indices published by the Department of Labor for the preceding 6 months.

The 1948 appropriation of \$334,700 was based upon an increase of only 9.9 percent. It has now been ascertained that the increase applicable to the period from July 1 to December 31, 1947, is 46.31 percent. A supplemental appropriation of \$112,200 is required to meet this contract obligation.

Construction and maintenance of roads, bridges, and trails, Alaska: For an additional amount for the construction, repair, and maintenance of roads, tramways, buildings, ferries, bridges, and trails, Territory of Alaska, \$7,370,000, to remain available until expended; and in addition, the Secretary or, at his request, the Commissioner of Public Roads, Federal Works Agency, is authorized to incur obligations and enter into contracts for additional work, materials, and equipment for the purposes of this appropriation in an amount not to exceed \$4,000,000.

This estimate is to provide for the construction of the Turnagain Arm Road in Alaska, connecting Seward on the Kenai Peninsula by road with Anchorage. The program of rehabilitation for the Alaska Railroad does not include any provision for work on the Seward end of the line because of its dangerous condition and the excessive cost of both rehabilitation and maintenance. Upon completion of the Turnagain Arm Road that section of the railroad will be abandoned. Seward must have land communication with Anchorage in order to make it economically possible for the former to exist. The remainder of the Kenai Peninsula is one of the richest areas of Alaska, containing approximately 9,000 square miles of agricultural, timber, mining, fishing, and recreational resources.

DEPARTMENT OF JUSTICE

LEGAL ACTIVITIES AND GENERAL ADMINISTRATION

Tax Division: For an additional amount for personal services of the Tax Division, \$18,000.

This additional amount is required because of an unanticipated increase in criminal tax prosecutions and appellate litigation for which the Tax Division is responsible. Additional attorneys and stenographers are necessary for the Division in order that the Government's interests in these matters may be adequately protected. The increase in criminal and appellate matters has arisen subsequent to the preparation of the Budget for the current year, and for that reason no provision was made for it in the estimates for the year.

Printing and binding: For an additional amount for "Printing and binding," \$150,000.

This additional amount is required because of increased obligations for printing, principally of briefs and court records. The requirements for these purposes, being largely dependent upon the course of litigation through the courts, could not be fully foreseen when the Budget for the current year was in preparation, and it now appears that the foregoing supplemental amount will be required.

Salaries and expenses, Lands Division: For an additional amount, fiscal year 1942, for "Salaries and expenses, Lands Division," \$150.50.

This estimate is for the payment of a claim certified for settlement by the Comptroller General, chargeable to an appropriation that is exhausted, which requires a deficiency appropriation for payment.

Miscellaneous salaries and expenses, field: For an additional amount, fiscal year 1945, for "Miscellaneous salaries and expenses, field," \$864.76.

This estimate is for the payment of claims certified by the Comptroller General and to permit correction of an accounting error between the 1945 and 1946 appropriations under this title. These actions constitute charges to an appropriation that is exhausted, and therefore require a deficiency appropriation.

Salaries and expenses of marshals, and so forth: For an additional amount, fiscal year 1947, for "Salaries and expenses of marshals, and so forth," \$155,000.

This amount is required largely because of additional unforeseen travel costs of deputy marshals in transporting prisoners and serving process, and because unanticipated expenditures for overtime pay could not be absorbed within available funds.

FEDERAL PRISON SYSTEM

Medical and hospital service: For an additional amount for "Medical and hospital service," \$43,000.

This estimate provides \$43,000 for pay increases to medical and dental reserve officers of the Public Health Service commissioned corps detailed to the penal institution medical services. These increases were authorized by Public Law 365, approved August 5, 1947.

FEDERAL PRISON INDUSTRIES, INCORPORATED

The amount made available under this head in The Government Corporations Appropriation Act, 1948, for administrative expenses of the Federal Prison Industries, Incorporated, is increased from "\$225,000" to "\$260,000", the additional amount to be derived from the sources specified under said head.

This additional amount is required in order to permit the Corporation to pay, out of the limitation on administrative expenses, certain expenses which were not considered chargeable to the limitation when the 1948 estimate was prepared. These expenses are rent in the District of Columbia, payment of which is required by section 306 of the Government Corporations Appropriation Act, 1948, and the cost of the audit of the Corporation made by the Comptroller General under authority of sections 105 and 301 of the Government Corporation Control Act, approved December 6, 1945.

DEPARTMENT OF LABOR

BUREAU OF LABOR STATISTICS

Salaries and expenses: The limitation under this head in the Second Supplemental Appropriation Act, 1948, on the amount which may be expended for personal services in the District of Columbia, is increased from "\$2,327,700" to "\$2,530,000".

The Bureau's programs for 1948 emphasize the preservation of national series of statistics and the curtailment of State and local series. This development necessarily requires a higher proportion of staff located in Washington than was formerly required. However, in order to operate within the reduced limitation on personnel services in the District of Columbia, the Bureau has had to decentralize to the field part of the staff engaged in compilation and analysis of national employment and construction data. This shift of a departmental operation to the field has proved to be inefficient, costly, and has resulted in delays in the release of important statistical information.

NATIONAL MILITARY ESTABLISHMENT

DEPARTMENT OF THE ARMY—MILITARY FUNCTIONS

OFFICE OF THE SECRETARY OF THE ARMY

Penalty Mail, Military Functions

Penalty mail: For deposit in the Treasury for penalty mail of the Department of the Army, military functions (39 U. S. C. 321d), \$5,000,000.

The exemption from penalty mail deposits granted the Department of the Army by section 5 of Public Law 364 of the Seventy-eighth Congress was repealed by Public Law 239 of the Eightieth Congress, approved July 25, 1947. The estimated cost for fiscal year 1948 for Department of the Army, military functions (including Department of the Air Force), is \$5,000,000.

QUARTERMASTER CORPS

Quartermaster Service, Army

Clothing and equipage: For an additional amount for "Clothing and equipage," \$26,670,000.

The foregoing estimate is for the additional funds required in fiscal year 1948 for initiating the procurement of a distinctive uniform for the enlisted men of the United States Air Force. The total cost of providing one new uniform for each man is estimated at \$54,424,000. By providing \$26,670,000 at this time, however, it will be possible to apply \$27,754,000 against the cost of this distinctive uniform through the utilization of cloth and other items currently under procurement by the Quartermaster Corps for existing type uniforms.

UNITED STATES MILITARY ACADEMY

Pay of Military Academy

Cadets: For an additional amount for "Cadets," \$83,488.

The annual pay of cadets was increased from \$780 to \$936 effective at the start of the current fiscal year, by Public Law 96, approved June 20, 1947. No provision for this increase was made in the 1948 Budget since enactment of the change in pay rate was not anticipated at the time of submission of the 1948 Budget to the Congress.

DEPARTMENT OF THE ARMY—CIVIL FUNCTIONS

QUARTERMASTER CORPS

Cemeterial Expenses

Cemeterial expenses: For an additional amount for "Cemeterial expenses," \$1,021,000, to remain available until June 30, 1949.

This supplemental estimate of appropriation is for the purpose of providing for the initial construction phases of new national cemeteries in Hawaii and Puerto Rico. At this time it is proposed to develop 50 of the 98 acres in Hawaii and 18.75 of the 75 acres in Puerto Rico. No national cemeteries are available, but there is an urgent need for provision of burial places for World War II dead in these localities.

CORPS OF ENGINEERS

Rivers and Harbors

Maintenance and improvement of existing river and harbor works: For an additional amount for "Maintenance and improvement of existing river and harbor works," \$265,000.

Additional funds in the amount shown above are required in the current fiscal year to defray the cost of emergency ice-breaking operations on the Illinois Waterway, thereby permitting continuance of barge operations on the waterway throughout the winter of 1947-48, in an effort to alleviate the existing critical shortage of fuel in the Middle West.

Due to the emergency nature of the work, the need for funds for its accomplishment could not be foreseen and provided for at the time the 1948 Budget estimates of appropriation were prepared.

Flood Control

Flood control, general: For an additional amount for "Flood control, general," \$1,000,000.

Additional funds in the amount shown above are required in the current fiscal year to defray the cost of continuing the program of snagging and clearing work, pursuant to section 2 of the Flood Control Act, approved August 28, 1937, as amended. This program provides relief from overbank flooding to areas throughout the country where the need is most urgent, and results in benefits of an immediate and widespread nature. Continuation of the program, without interruption, is highly desirable and necessary in order that the unusually large accumulations of snags and debris resulting from unprecedented floods during 1947 in many sections of the country, particularly in the Mississippi Basin, may be removed prior to the flood season in 1948.

The War Department Civil Appropriation Bill, 1948, included \$500,000 for this item as passed by the House of Representatives and \$1,000,000 as passed by the Senate but the item was entirely omitted in final enactment of the bill.

PENALTY MAIL, CIVIL FUNCTIONS

Penalty mail: For deposit in the Treasury for penalty mail of the Department of the Army, civil functions (39 U. S. C. 321d), \$200,000.

The exemption from penalty-mail deposits granted the Department of the Army by section 5 of Public Law 364 of the Seventy-eighth Congress was repealed by Public Law 239 of the Eightieth Congress, approved July 25, 1947.

GOVERNMENT AND RELIEF IN OCCUPIED AREAS

Government and relief in occupied areas: For an additional amount for "Government and relief in occupied areas," \$150,000,000.

This supplemental estimate of appropriation is for the purpose of providing the necessary supplies to minimize disease and unrest in occupied areas and represents an additional requirement on the part of the United States by reason of the inability of the British to continue dollar support in bizonal Germany.

The Third Supplemental Appropriation Act, 1948, appropriated \$340,000,000 for additional occupation costs. This sum was \$150,000,000 less than the amount recommended to Congress.

On December 17, 1947, a new agreement was entered into between the Governments of the United Kingdom and the United States. This agreement covers the financial responsibility for bizonal Germany and the further sum of \$100,000,000 will be required in this fiscal year to carry out this agreement.

The remaining \$50,000,000 of the present estimate is needed to assure the uninterrupted flow of supplies to occupied areas.

DEPARTMENT OF THE NAVY—NAVAL ESTABLISHMENT

OFFICE OF THE SECRETARY

Penalty Mail

Penalty mail: For deposit in the Treasury for penalty mail of the Navy Department and the Naval Establishment (39 U. S. C. 321d), \$2,957,000.

The exemption from penalty mail deposits granted the Department of the Navy by section 5 of Public Law 364 of the Seventy-eighth Congress was repealed by Public Law 239 of the Eightieth Congress, approved July 25, 1947.

BUREAU OF NAVAL PERSONNEL

Training, Education, and Welfare, Navy

Naval training station, San Diego, California: For an additional amount for the naval training station at San Diego, California, \$120,000.

Naval training station, Great Lakes, Illinois: For an additional amount for the naval training station at Great Lakes, Illinois, \$165,000.

The foregoing estimates of appropriation are necessary to meet the increased cost of maintenance and operation resulting from increased training loads. These increased training costs are a result of a revised personnel plan for the Navy which involves an increased number of recruits to be trained during the latter part of this fiscal year. No provision for these increased costs was made in the 1948

Budget since the personnel plan on which it was based would have deferred this increase in the training load until the following fiscal year, with the effect of reducing the number of trained men available for duty with the fleet in the early part of that year to a number now considered inadequate.

Naval Academy

Naval Academy: For an additional amount for "Naval Academy," \$114,000.

The foregoing estimate of appropriation is necessary to meet the increases in pay established under authority of the act of July 16, 1862 (34 U. S. C. 505), for per diem employees, and increased costs of fuel, which were not contemplated at the time of transmission of the Budget for the fiscal year 1948.

Naval Home, Philadelphia, Pennsylvania

Naval Home, Philadelphia, Pennsylvania: For an additional amount for "Naval Home, Philadelphia, Pennsylvania," \$9,100.

The additional funds recommended have been made necessary because of pay increases authorized by the Secretary of the Navy for unclassified employees. These pay increases were authorized to be effective November 17, 1947, and were not contemplated at the time of the transmission of the Budget for fiscal year 1948.

BUREAU OF YARDS AND DOCKS

Public Works, Bureau of Yards and Docks

Public Works, Bureau of Yards and Docks: The Secretary of the Navy is authorized to enter into contracts for naval public works, as follows:

Naval Base, Guam: Acquisition of land as authorized by Act of August 2, 1946 (60 Stat. 803), \$1,600,000;

Postgraduate school, Monterey, California: Postgraduate school facilities, including the necessary construction and alterations to provide school facilities, quarters, and collateral facilities and equipment, and the acquisition of the necessary land, all as authorized by the Act of July 31, 1947 (Public Law 302), \$2,500,000.

The foregoing estimates of appropriation are necessary to implement the authority heretofore granted by the Congress in the cited statutes.

The land to be acquired on the Island of Guam is presently utilized by the Navy. It is considered desirable that it be acquired and that settlement therefor be effected without further delay.

The acquisition of land and the establishment of permanent postgraduate school facilities at Monterey, Calif., should be undertaken at an early date in order to make existing postgraduate school facilities available for other use and to facilitate the Navy postwar officer training program.

POST OFFICE DEPARTMENT

(Out of the Postal Revenues)

When the 1948 estimates were prepared in July 1946, it was believed that the revenues would amount to \$1,192,410,000. The mail volume was estimated at 37,331,305,000 pieces and special service transactions at 791,250,000. The trend through 1947 was upward to a greater degree than anticipated, making it necessary to revise the 1948 estimates in July 1947.

At that time revenues for 1948 were estimated at \$1,368,905,000; pieces of mail at 39,132,350,000; and special service transactions at \$56,098,000. The upward trend in postal business has continued and revenues reported for the first 5 months of 1948 show an increase of 12.42 percent over the first 5 months of 1947.

The Treasury and Post Office Departments Appropriation Act, 1948, Public Law 147, provided appropriations for the Post Office Department of \$1,531,661,050, which was later increased by the Second Supplemental Appropriation Act, 1948, Public Law 299, by \$74,272,500, for a total of \$1,605,933,550. The supplemental estimates of appropriation submitted herewith for the Post Office Department for fiscal year 1948 total \$141,268,800, which will raise the total to \$1,747,202,350. These estimates have been based on 5 months' operations in 1948 with an upward trend showing an accelerating characteristic. More accurate estimates can be submitted about April 1 when the effect on the several appropriations of the past Christmas season and the increasing mail volume will be known more definitely.

POST OFFICE DEPARTMENT, DISTRICT OF COLUMBIA

CONTINGENT EXPENSES, POST OFFICE DEPARTMENT

Contingent and miscellaneous expenses: For an additional amount for "Contingent and miscellaneous expenses," \$12,800.

Increased prices of supplies and equipment purchased under this appropriation make necessary the majority of this supplemental estimate. The sum of \$1,000 is needed for contractual services, mainly for the purchase of copies of transcripts of hearings in connection with mail pay rates to railroads, which matter is now being considered by the Interstate Commerce Commission.

Printing and binding: For an additional amount for "Printing and binding," \$270,000.

The increase in volume of postal business has required the printing of more forms and money order blanks than was previously anticipated. In addition, the cost of printing has increased because of higher paper and labor costs. The estimate is based on a 14 percent rise above 1947 price levels.

FIELD SERVICE, POST OFFICE DEPARTMENT

OFFICE OF THE FIRST ASSISTANT POSTMASTER GENERAL

Compensation to postmasters: For an additional amount, fiscal year 1947, for "Compensation to postmasters," \$1,000,000.

This deficiency estimate is made necessary due to the unanticipated number of claims for terminal leave during the fiscal year 1947.

Clerks, first- and second-class post offices: For an additional amount for "Clerks, first- and second-class post offices," \$34,600,000.

Total manpower requirements for post offices are directly related to increases in mail volume. The present appropriation for clerk hire was based on an increase in postal revenues in 1948 over 1947 of 5.21 percent, with an indicated increase in mail volume of 3 percent. The report of postal revenues for the first five months of 1948 indicates a 12.42 percent increase over the same period in 1947, making this estimate necessary.

Carfare and bicycle allowance: For an additional amount for "Carfare and bicycle allowance," \$175,000.

This supplemental estimate of appropriation is made necessary by (1) the extension of city delivery service, and (2) increase in rates by public transportation companies.

City delivery carriers: For an additional amount for "City delivery carriers," \$20,000,000.

The increase of personnel in this service is due almost entirely to the rapid expansion of home and commercial construction throughout the country. If this service is not extended to new residential subdivisions, the only alternative for people living in these new developments is to call at post offices, and this kind of service is more expensive than the delivery service.

Special-delivery compensation and fees: For an additional amount for "Special-delivery compensation and fees," \$750,000.

Increase of 9.04 percent in volume of this class of service makes necessary this supplemental estimate of appropriation.

OFFICE OF THE SECOND ASSISTANT POSTMASTER GENERAL

Star-route service: For an additional amount for "Star-route service," \$765,000.

This estimate is required to meet the increased cost of service resulting from higher bids on renewal of contracts and readvertisements of contracts. It also provides for new routes, or extensions of existing routes, established to maintain service where rail transportation is discontinued or curtailed.

Star-Route and Air-Mail Service, Alaska: For an additional amount for "Star-Route and Air-Mail Service, Alaska," \$422,800.

Star-Route and Air-Mail Service, Alaska: For an additional amount, fiscal year 1947, for "Star-Route and Air-Mail Service, Alaska," \$224,500.

Star-Route and Air-Mail Service, Alaska: For an additional amount, fiscal year 1946, for "Star-Route and Air-Mail Service, Alaska," \$42,000.

These estimates are necessary to meet the increased cost of air-mail service in Alaska caused by the fixing of temporary rates by the Civil Aeronautics Board for service on routes AAM 232, AAM 214, and AAM 148, part I. They also provide for an increase in volume of mail over that anticipated by the present appropriations.

Powerboat service: For an additional amount for "Powerboat service," \$95,000.

This estimate is necessary to meet the increase in cost of this service resulting from the increase in volume of mail transported at pound rates to and from Alaska and Hawaii, and the addition of stevedore service in Alaska.

Railroad transportation and mail messenger service: For an additional amount for "Railroad transportation and mail messenger service," \$59,920,000.

Railroad transportation and mail messenger service: For an additional amount, fiscal year 1947, for "Railroad transportation and mail messenger service," \$14,300,000.

Included in these supplemental estimates of appropriation is the sum of \$37,775,820 for fiscal year 1948, and \$12,300,000 for fiscal year 1947, to cover increase in cost of transportation by railroads. Under date of December 23, 1947, the Interstate Commerce Commission issued a directive which sets up an interim rate increase of 25 percent for mail transportation by railroads, such increase being retroactive to February 19, 1947. The balance of the estimates for 1947 and 1948 is to cover cost of mail volume transported in excess of that originally anticipated.

Railway Mail Service: For an additional amount for "Railway Mail Service," \$3,900,000.

This estimate is necessary in order to meet the increased cost of personal services in handling mail on trains and in terminals of the Railway Mail Service resulting from the increasing volume of mail. It is estimated that 3.7 percent more man-hours will be required to move the mail.

Railway postal clerks, travel allowance: For an additional amount for "Railway postal clerks, travel allowance," \$200,000.

The increase in cost of travel occasioned by the greater number of man-hours of travel on trains by clerks makes this estimate necessary.

Foreign mail transportation: For an additional amount for "Foreign mail transportation," \$14,600,000.

Additional funds are needed to meet the cost of the tremendous increase in foreign mail volume. During the first 5 months of the current fiscal year foreign mail volume increased 81.3 percent over that handled for the corresponding period of fiscal year 1947. There is no indication that the volume of this class of mail will be materially reduced during the remainder of the current fiscal year.

OFFICE OF THE THIRD ASSISTANT POSTMASTER GENERAL

Unpaid money orders more than one year old: For an additional amount for "Unpaid money orders more than one year old," \$321,000.

The number and amounts of claims for money orders more than one year old are increasing to a point above that previously anticipated, which makes it necessary to include an additional amount for this purpose.

OFFICE OF THE FOURTH ASSISTANT POSTMASTER GENERAL

Post Office stationery, equipment, and supplies: For an additional amount for "Post Office stationery, equipment, and supplies," \$815,000.

The increase in mail volume has necessitated additional supplies over the quantity originally estimated. This condition, together with price increases ranging from 10 percent upward in stationery, equipment, and supplies, makes this supplemental estimate of appropriation necessary. The equipment and supplies covered by the annual appropriation and this supplemental estimate are the minimum under which efficient service can be performed.

Equipment shops, Washington, District of Columbia: For an additional amount for "Equipment shops, Washington, District of Columbia," \$425,000.

The limited facilities of the equipment shops would not permit the manufacture of additional canvas mail-bag requirements, and outside manufacturers were unable to supply canvas-bag needs within the time necessary to promptly handle the unprecedented increase in parcel post mail volume. Therefore, during the second quarter of the current fiscal year it was necessary for the Post Office Department to purchase 1,000,000 burlap bags. This supplemental estimate of appropriation is to replace funds used for that purpose.

Vehicle service: For an additional amount for "Vehicle service," \$3,277,000.

.During the past 6 months of the current fiscal year the volume of parcel post mail handled by the Postal Service has greatly exceeded all previous records. This increase in volume was partly due to two increases in express rates authorized by the Interstate Commerce Commission within the past 13 months, the last increase being effective in September 1947. Even though double duty was performed by Government-owned trucks, it was impossible to promptly move the mails. The result was that the Post Office Department was required to hire trucks under contract at a much higher rate than the cost of Government-operated service. A strike of the Railway Express employees in New York during September and October of 1947 also necessitated the use of additional contract trucks. The additional trucks used under contract and the increase of supplies, materials, tires, and parts over the original estimate make necessary this supplemental estimate of appropriation.

Transportation of equipment and supplies: For an additional amount for "Transportation of equipment and supplies," \$305,200.

Additional requirements under this appropriation are made necessary due to the shipment of additional postal cards and new trucks. During the current fiscal year the public has increased the use of postal cards, thereby necessitating the shipment of 52 carloads over the original estimate. Acceleration of the new truck delivery program will require additional shipments of 436 full car, and 488 less-than-full-car lots. In addition, an increase in freight rates was authorized by the Interstate Commerce Commission on December 30, 1947.

Public Buildings, Maintenance and Operation

Operating supplies, public buildings: For an additional amount for "Operating supplies, public buildings," \$415,000.

The supplemental estimate of appropriation under this head is made necessary by (1) increase in cost of steam, fuel oil, coal, electricity for light and power, and (2) increase in freight rates authorized by the Interstate Commerce Commission. All of these increases are over and above original estimates for 1948.

DEPARTMENT OF STATE

DEPARTMENT SERVICE

Salaries and expenses, Department of State: The limitation under this head in the Department of State Appropriation Act, 1948, on dues for library membership in societies or associations which issue publications to members only, or at a price to members lower than to subscribers who are not members, newspapers, teletype rentals, and tolls, is increased from "\$65,000" to "\$80,000".

This increase in limitation is required to cover costs of: (1) teletype facilities which connect the Department of State with the world-wide facilities of the Army and Navy (these facilities have previously been provided without charge but the Department has now been informed that reimbursement will be necessary); (2) teletype facilities between Washington and the New York Despatch Agent which a recently completed survey indicates will provide a more economical means of communication than the long distance telephone; and (3) the proposed installation of teletype "scrambler" equipment to avoid interception of certain classified messages between Washington and New York. No additional appropriation of funds is required to meet this increase in the limitation.

THE INSTITUTE OF INTER-AMERICAN AFFAIRS

The Institute of Inter-American Affairs: For expenses necessary to enable The Institute of Inter-American Affairs, created by the Act of August 5, 1947 (Public Law 369), to carry out the provisions of said Act, \$3,848,500, to be deposited directly to the Institute's special deposit account with the Treasurer of the United States and to remain available until expended: *Provided*, That notwithstanding the provisos in the appropriations for The Institute of Inter-American Affairs and the Inter-American Educational Foundation, Incorporated (Delaware corporations), in title I of The Government Corporations Appropriation Act, 1948, all funds transferred to the Institute pursuant to section 12 of the Institute of Inter-American Affairs Act (Public Law 369, approved August 5, 1947), shall remain available until expended, for all of the purposes of said Act: *Provided further*, That in addition to the sum of \$800,000 made available in The Government Corporations Appropriation Act, 1948, and the sum of \$132,000 made available in The Supplemental Appropriation Act, 1948, for administrative expenses of The Institute of Inter-American Affairs and the Inter-American Educational Foundation, Incorporated (Delaware corporations), and transferred to the Institute pursuant to section 12 of the Institute of Inter-American Affairs Act, the funds of the Institute are hereby made available for administrative expenses during the fiscal year 1948 in the amount of \$85,000.

The 1948 appropriation act carried \$8,115,000 for the corporations, Institute of Inter-American Affairs and Inter-American Educational Foundation, Incorporated. These appropriations contemplated liquidation of the corporations. The Institute of Inter-American Affairs Act, approved August 5, 1947, created a Federal corporate body known as The Institute of Inter-American Affairs to succeed the two former corporations and also provided for the transfer of funds of the latter to the new corporation. The recommended appropriation and increase in administrative expense limitation provides for certain agricultural, health, and educational programs which had previously been scheduled for termination during the fiscal year 1948 but which are now to continue under authority of the Institute of Inter-American Affairs Act.

GENERAL PROVISION—DEPARTMENT OF STATE

The funds and authority available to the Secretary of State pursuant to the Act of March 11, 1941 (55 Stat. 31), as amended, to carry out the agreement of December 31, 1943, between the Government of the United States of America and the Government of Liberia for the construction of the port, port facilities, and access roads in Monrovia, Liberia, which have been heretofore partially constructed, shall remain available for such purpose until June 30, 1950.

It is now estimated that fulfillment of the agreement of December 31, 1943, with Liberia for construction of a port, port facilities, and access roads will require until June 30, 1950. Lend-lease funds appropriated to the President and allocated to the Department of the Navy for this construction will lapse for expenditure purposes on June 30, 1948, and the authority for the necessary functions will expire on June 30, 1949, pursuant to the Lend-Lease Act. The above provision extending time limitations will make possible the fulfillment of an obligation to the Government of Liberia and completion of a project which would otherwise remain very limited economically.

TREASURY DEPARTMENT

FISCAL SERVICE

BUREAU OF THE PUBLIC DEBT

Distinctive paper for United States currency: For an additional amount for "Distinctive paper for United States currency," \$361,000.

This supplemental estimate is required to enable the Treasury Department to replenish its stocks of blank distinctive paper by June 30, 1948. Since the enactment of fiscal year 1948 appropriation bill, the unit price has increased from \$0.4125 to \$0.4875 per pound which has limited purchases to approximately five-sixths the number of sheets that could have been secured at the original lower cost. Over half of the additional 29,336,000 sheets, for which this supplemental estimate is being requested, will merely compensate for those sheets not purchased this fiscal year because of the price increase. Furthermore, the volume of redemptions has been considerably higher than was anticipated at the time the 1948 appropriation was under consideration. Recently the banks have been requested again to reduce the standard of currency fitness in order to maintain in circulation a greater number of used bills. Notwithstanding all of the efforts of the Department, the stocks of currency are at dangerously low levels.

BUREAU OF INTERNAL REVENUE

Refunding internal revenue collections: For an additional amount for "Refunding internal revenue collections," \$800,000,000.

This supplemental estimate is required by the Bureau of Internal Revenue to augment funds for refunds to taxpayers for fiscal year 1948. It is estimated that \$2,031,000,000 will be needed for all refunding purposes for the current fiscal year, and since the 1948 appropriation act provided \$1,231,000,000, the difference of \$800,000,000 is being requested as a supplemental estimate. Estimated individual income-tax prepayment refunds of \$1,560,000,000 represent more than three-fourths of the total of all refunds, \$2,031,000,000. During the first

5 months of fiscal year 1947 individual income-tax prepayment refunds were approximately \$85,000,000, or about 5.3 percent of total prepayment refunds made during the entire year. Similarly, during the first 5 months of this fiscal year, 1948, prepayment refunds made totaled \$81,181,236, or approximately 5.2 percent of the estimated total of prepayment refunds, \$1,560,000,000, for the year. It is anticipated that other miscellaneous refunds will total about \$471,000,000, which is commensurate with prior year figures of a like nature.

BUREAU OF ENGRAVING AND PRINTING

Salaries and expenses: For an additional amount for "Salaries and expenses," \$1,650,000.

This supplemental estimate is required to enable the Treasury to replenish its stocks of completed currency by June 30, 1948. Although banks are still turning back into circulation much currency that, in normal years, would have been considered unfit for further use, they have recently been requested again to reduce the standard of fitness in order to return to circulation a greater number of used bills. Despite this precaution, the reserve stocks of completed bills have been depleted below a safe level during recent months. At the time the 1948 Budget was prepared, it was not anticipated that redemptions would increase so rapidly as to seriously deplete reserve stocks of completed currency.

SECRET SERVICE DIVISION

Reimbursement to District of Columbia, benefit payments to White House Police and Secret Service forces: For an additional amount for "Reimbursement to District of Columbia, benefit payments to White House Police and Secret Service forces," \$10,700.

This supplemental estimate is required by the Treasury Department, in accordance with the act of October 14, 1940, as amended, to reimburse the District of Columbia an amount equal to the difference between total annuities paid and receipts from retirement deductions from salaries of men on active duty. The additional \$10,700 is needed because of the addition of five annuitants to the retired rolls subsequent to submission of the original 1948 estimate.

TITLE II—REDUCTION IN APPROPRIATION

DEPARTMENT OF THE ARMY—MILITARY FUNCTIONS

FINANCE DEPARTMENT

Finance Service, Army

Pay of the Army: The amount made available under this head in the Military Appropriation Act, 1948, is reduced by the amount of \$150,000,000, said amount to be carried to the surplus fund and covered into the Treasury immediately upon the approval of this Act.

The amount recommended for rescission represents estimated savings in pay of enlisted personnel resulting from the decline in the strength of the Army below that provided for in appropriations for 1948 because of the inability to obtain sufficient numbers of new recruits. Savings of \$150,000,000 are indicated on the basis of experience for the first 6 months of this fiscal year.

TITLE III—GENERAL PROVISION

SEC. 301. The limitation in section 4 of the Second Supplemental Appropriation Act, 1948, on the amount which may be transferred to the National Security Council, the National Security Resources Board, and the Office of the Secretary of Defense, from appropriations for the War Department for the Military Establishment and for the Navy Department and the naval service, is increased from "\$2,000,000" to "\$2,500,000".

The Second Supplemental Appropriation Act, 1948, provides for the transfer of not to exceed \$2,000,000 from War and Navy Department appropriations to the National Security Council, the National Security Resources Board and the Office of the Secretary of Defense, to finance the activities of those agencies until such time as the Congress shall have made appropriations therefor. Due to understrength in the Army and savings in the Navy Department, sufficient funds are available for transfer to these agencies to cover all their expenses during the fiscal year 1948, obviating the need for new appropriations. The proposed provision would increase the limitation on the amount to be transferred to \$2,500,000, which is the estimated total of requirements for the fiscal year 1948.



SUPPLEMENTAL ESTIMATE OF APPROPRIATION FOR THE
HOUSING EXPEDITER

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

SUPPLEMENTAL ESTIMATE OF APPROPRIATION FOR THE FISCAL
YEAR 1949 IN THE AMOUNT OF \$20,500,000 FOR THE HOUSING
EXPEDITER

APRIL 30, 1948.—Referred to the Committee on Appropriations and ordered to
be printed

THE WHITE HOUSE,
Washington, April 30, 1948.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES:

SIR: I have the honor to transmit herewith for the consideration of Congress a supplemental estimate of appropriation for the fiscal year 1949 in the amount of \$20,500,000 for the Housing Expediter.

The details of this estimate, the necessity therefor, and the reasons for its submission at this time are set forth in the letter of the Director of the Bureau of the Budget, transmitted herewith, in whose comments and observations thereon I concur.

Respectfully yours,

HARRY S. TRUMAN.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., April 29, 1948.

THE PRESIDENT,
The White House.

SIR: I have the honor to submit herewith for your consideration a supplemental estimate of appropriation for the fiscal year 1949 in the amount of \$20,500,000 for the Housing Expediter, as follows:

HOUSING EXPEDITER

Salaries and expenses, Office of the Housing Expediter: For expenses necessary to carry out the functions of the Office of the Housing Expediter, including personal services in the District of Columbia; attendance at meetings of organizations concerned with rent control; hire of passenger motor vehicles; printing and binding; services as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a); not to exceed \$205,000 for deposit in the Treasury for penalty mail (39 U. S. C. 321d); not to exceed \$5,000 for payment of claims pursuant to section 403 of the Federal Tort Claims Act (28 U. S. C. 921); and health service program as authorized by law (5 U. S. C. 150); \$20,500,000: *Provided*, That any employee of the Office of the Housing Expediter is authorized and empowered, when designated for the purpose by the Housing Expediter, to administer to or take from any person an oath, affirmation, or affidavit when such instrument is required in connection with the performance of the functions or activities of the Housing Expediter.

At the time the budget for the fiscal year 1949 was submitted to the Congress, the Housing Expediter was operating under the provisions of the Housing and Rent Act of 1947, which provided for rent control and certain other activities until its termination date, February 29, 1948, with liquidation to be accomplished by June 30, 1948. Accordingly, no detailed estimate of appropriation for fiscal year 1949 for the Housing Expediter was included in the budget, although it did take into account the need for this estimate. The act of February 27, 1948, extended the Housing and Rent Act of 1947 to March 31, 1948, and the Housing and Rent Act of 1948, Public Law 464, approved March 30, 1948, provided for rent control and certain other activities until April 1, 1949, with liquidation thereafter.

Major activities of the Housing Expediter in fiscal year 1949 will involve rent control and the investigation and prosecution of violations of veterans' housing regulations. Certain provisions of the act may materially increase the work load of the office. New functions have been added to local advisory boards, requiring additional clerical assistance and office services from regional housing expeditors and area rent offices. Injunctive powers of the Expediter have been strengthened in an effort to eliminate illegal eviction of tenants, and landlords' petitions for rent adjustments are to be expedited to the greatest possible extent.

I recommend that the foregoing supplemental estimate be transmitted to the Congress.

Respectfully yours,

FRANK PACE, Jr.,
Acting Director of the Bureau of the Budget.



NOTICE.—This report is given out subject to release when consideration of the bill which it accompanies has been completed by the whole committee. Please check on such action before release in order to be advised of any changes.

80TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } No. 1890

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1949

MAY 7, 1948.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PLOESER, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 6481]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for Government corporations and certain independent agencies for the fiscal year ending June 30, 1949, and for other purposes.

ESTIMATES

The budget estimates of appropriations for the objects embraced by the bill are contained in the President's budget message, pages 385-389, 953-1146, 1187-1232, and 1243-1275, and House Documents 502 and 573.

SCOPE OF THE BILL

The Government Corporations Control Act of December 6, 1945, as amended, which requires that all wholly owned Government corporations submit annual budgets to the Congress, specifies by name such corporations as were in existence at the time that act became law on December 6, 1945.

The accompanying bill presents to the House the recommendations of the Committee on Appropriations, respecting certain budgets submitted for the fiscal year 1949, in accordance with the provisions of such act.

The budget submitted for the Virgin Islands Company has not been acted upon inasmuch as its legal succession expires on June 30, 1948. After enactment of legislation to reincorporate the Virgin Islands Company (a bill to this end is now pending), its budget program will be reviewed and reported in a subsequent bill.

Although the succession of the Reconstruction Finance Corporation expires on June 30, 1948, a bill extending its life has already been passed by the Senate and by the House but not finally enacted, and the differences between the two bodies do not materially affect the Corporation's budget program for 1949. The accompanying bill includes provisions authorizing a budget program for the RFC, and any adjustments required by later developments can be made hereafter.

The Commodity Credit Corporation and the Federal Crop Insurance Corporation are in the Department of Agriculture and are so directly related to the programs of the Department that they have been included in the Department of Agriculture appropriation bill, which has already been passed by the House.

In order to indicate the current status of Government corporations with regard to their legal succession and as agencies or instrumentalities of the United States, the following summary tabulation is presented:

Government corporations

Name	Created	Termination date under provisions of existing law or charter
Banks for Cooperatives.....	1933	Indefinite.
Central bank.....		
District banks (12).....		
Commodity Credit Corporation ¹	Oct. 17, 1933	June 30, 1948. ²
Defense Homes Corporation ¹	Oct. 23, 1940	Indefinite. ³
Export-Import Bank of Washington.....	Feb. 8, 1934	June 30, 1953. ⁴
Federal Crop Insurance Corporation.....	Feb. 16, 1938	Indefinite.
Federal Deposit Insurance Corporation.....	June 16, 1933	Do.
Federal Farm Mortgage Corporation.....	Jan. 31, 1934	Do.
Federal Home Loan Banks (11).....	October 1932	Do. ⁵
Federal Intermediate Credit Banks.....	1923	Do.
Federal Land Banks (12).....	1917	Do.
Federal National Mortgage Association.....	Feb. 10, 1938	Do.
Federal Prison Industries, Inc.....	Dec. 11, 1934	Do.
Federal Savings and Loan Insurance Corporation.....	June 27, 1934	Do.
Home Owners' Loan Corporation.....	June 14, 1933	When purpose accomplished.
Inland Waterways Corporation.....	June 3, 1924	Indefinite.
Institute of Inter-American Affairs.....	Mar. 31, 1942	Aug. 4, 1950. ⁶
Panama Railroad Company ¹	Apr. 7, 1949	Indefinite.
Production Credit Corporations (12).....	1933	Do.
Public Housing Administration.....	Sept. 1, 1937	Do. ⁷
Reconstruction Finance Corporation.....	Jan. 22, 1932	June 30, 1948. ⁸
Regional Agricultural Credit Corporation.....	1932	Indefinite. ⁹
RFC Mortgage Company, The ¹	Mar. 14, 1935	Do. ¹⁰
Tennessee Valley Associated Cooperatives, Inc. ¹	Jan. 23, 1934	Do. ¹¹
Tennessee Valley Authority.....	June 16, 1933	Do.
U. S. Commercial Company.....	Mar. 26, 1942	June 30, 1948. ¹²

See footnotes at end of table, p. 1.

Government corporations—Continued

Name	Created	Termination date under provisions of existing law or charter
Virgin Islands Company, The ¹	Apr. 16, 1934	Indefinite.
War Damage Corporation.....	Dec. 13, 1941	Do. ¹³
Warrior River Terminal Company ¹	Jan. 18, 1926	Do. ¹⁴

¹ These corporations were created by or under the laws of a State, Territory, or possession of the United States or a political subdivision thereof, or under the laws of the District of Columbia, and under the provisions of section 304 (b) of the act of Dec. 6, 1945 (Government Corporation Control Act), 59 Stat. 602, the proper corporate authority of such corporations shall institute dissolution or liquidation proceedings on or before June 30, 1948.

² As an agency of the United States (continued to June 30, 1948, by Public Law 130, approved June 30, 1947, 61 Stat. 201). Delaware charter provides for perpetual existence.

³ In process of liquidation.

⁴ Except for purposes of liquidation (Public Law 89, approved June 9, 1947, 61 Stat. 130).

⁵ The Portland, Oreg., and Los Angeles, Calif., banks were merged into the San Francisco, Calif., bank, effective Mar. 29, 1946.

⁶ Public Law 369, approved Aug. 5, 1947, created the Institute of Inter-American Affairs as an agency of the United States to have succession for a period of 3 years unless sooner dissolved by an act of Congress.

⁷ Formerly Federal Public Housing Authority. Reorganization Plan No. 3 of 1947, dated May 27, 1947, created the Housing and Home Finance Agency and consolidated therein the Federal Public Housing Authority, to be administered as the Public Housing Administration by a Public Housing Commissioner under the direction and supervision of the Housing and Home Finance Administrator.

⁸ The succession of the Corporation was extended through June 30, 1948, pursuant to Public Law 132, approved June 30, 1947, 61 Stat. 202.

⁹ In process of liquidation.

¹⁰ Pursuant to Public Law 132, approved June 30, 1947, 61 Stat. 202, all assets, liabilities, documents, books of account, and records of the Company were transferred to RFC, and formal action to secure a certificate of dissolution is in process.

¹¹ Pursuant to Public Law 268, approved July 30, 1947, 61 Stat. 574, the TVAC is in process of liquidation under the direction and supervision of the Secretary of the Treasury.

¹² The succession of the Company was extended through June 30, 1948, by Public Law 132, approved June 30, 1947, 61 Stat. 202.

¹³ The Corporation terminated, except for purposes of liquidation, June 30, 1947, by authority contained in Public Law 656, approved Aug. 7, 1946, 60 Stat. 901.

¹⁴ Application for merger with Inland Waterways Corporation has been filed with the Interstate Commerce Commission.

The following statement presents in round figures the net withdrawals from the Treasury of all wholly owned Government corporations, with the exception of the Commodity Credit Corporation and the Federal Crop Insurance Corporation (not included in this bill) as submitted in the budget for 1949.

Net withdrawals from U. S. Treasury by wholly owned Government corporations and credit agencies (excludes Commodity Credit and Federal Crop Insurance Corporations) by fiscal years

[In millions]

	Actual, 1947	Estimate, 1948	Estimate, 1949
Budgetary expenditures.....	\$1,754	\$260	\$498
Adjustment for cancellation of notes of Reconstruction Finance Corporation and Home Owners' Loan Corporation for transfer of assets to other Government agencies.....		685	
Total.....	1,754	945	498
Less budgetary receipts.....	878	566	381
Add net redemption of obligations to the public (trust account expenditures).....	8	8	4
Net withdrawals from U. S. Treasury.....	884	387	121

The following is a consolidated statement of the funds received and expended by such corporations for the fiscal years 1947, 1948, and 1949:

Sources and application of funds (excludes Commodity Credit and Federal Crop Insurance Corporations) by fiscal years

[In millions]

	Actual, 1947	Estimate, 1948	Estimate, 1949
FUNDS APPLIED			
To acquisition of assets:			
To make loans.....	\$3,018	\$2,426	\$2,164
purchase investments.....	55	38	28
add to fixed assets.....	431	183	82
acquire other assets.....	7	22	26
To operating costs:			
To pay cost of commodities sold.....	1,088	483	282
pay other operating expenses.....	423	401	268
pay subsidies and contributions.....	219	28	6
To retirement of borrowing and capital:			
To retire obligations to U. S. Treasury.....	1,017	496	156
retire obligations to the public.....	523	797	895
return capital and pay dividends.....	711	345	246
cancel notes due to U. S. Treasury.....		695	9,330
To increase working capital.....	-276	-29	-3
Total.....	7,216	5,885	13,480
FUNDS PROVIDED			
By realization of assets:			
By repayment of loans.....	1,818	1,781	1,685
sales of investments.....	134	90	58
sales of fixed assets, etc.....	544	162	177
transfer of assets to other agencies for cancellation of notes due U. S. Treasury.....		685	
By operating income.....	1,633	973	710
By borrowing and capital:			
By borrowing from U. S. Treasury.....	2,079	1,064	600
borrowing from the public.....	627	835	909
new capital and paid-in surplus.....	331	4	10
appropriation.....	58	64	35
cancellation of notes due U. S. Treasury.....		10	9,330
By decrease in working capital.....	-8	217	-34
Total.....	7,216	5,885	13,480

The following is a consolidated balance sheet of all such corporations as of June 30, 1947, 1948, and 1949:

Financial condition as of June 30, 1947, 1948, and 1949 (excludes Commodity Credit and Federal Crop Insurance Corporations)

[In millions]

	Actual, 1947	Estimate, 1948	Estimate, 1949
ASSETS			
Loans receivable.....	\$4,796	\$4,753	\$5,227
Lands, structures, and equipment.....	2,718	2,268	1,771
Commodities and supplies.....	390	116	80
Investments.....	691	635	607
Cash.....	402	166	155
Appropriated funds.....	200	189	255
Advances and accounts receivable.....	471	146	110
Other assets.....	47	56	64
Total assets.....	9,715	8,329	8,269
LIABILITIES AND CAPITAL			
Bonds, debentures, and notes payable.....	11,890	11,779	2,903
Other liabilities.....	758	454	647
Operating reserves.....	28	5	6
Total liabilities.....	12,676	12,238	3,556
Paid-in capital and surplus.....	3,002	2,901	2,823
Earned surplus (or deficit ¹).....	¹ 5,963	¹ 6,810	1,890
Total liabilities and capital.....	9,715	8,329	8,269

¹ Deduct.

The committee desires to call attention to the borrowing authority of Government corporations, which as of December 31, 1947, amounted to \$29,500,000,000. The amount outstanding against such authority, at December 31, 1947, was \$11,900,000,000. Thus, under certain conditions, it is possible for corporate agencies of the Government to draw upon the Treasury of the United States for many millions of dollars without prior review by the Congress on a current basis.

The following tabulation was compiled by the Treasury Department:

Borrowing power and outstanding obligations of corporations¹ of the United States Government as of Dec. 31, 1947

Corporation	Authorized borrowing power	Outstanding obligations
Banks for cooperatives: ²		
Central Bank for Cooperatives:		
Debentures.....	\$697, 414, 588. 05	
Bonds, notes and rediscounts.....	(3)	\$81, 424, 633. 39
District banks for cooperatives.....	(3)	32, 097, 598. 58
Commodity Credit Corporation.....	4, 750, 000, 000. 00	555, 607, 602. 43
Defense Homes Corporation (in liquidation).....	4 42, 441, 341. 16	42, 383, 341. 16
Export-Import Bank of Washington.....	2, 500, 000, 000. 00	728, 350, 000. 00
Federal Deposit Insurance Corporation.....	3, 000, 000, 000. 00	
Federal Farm Mortgage Corporation.....	2, 000, 000, 000. 00	2, 118, 200. 00
Federal home loan banks: ²		
Bonds and notes.....	2, 844, 682, 458. 96	261, 700, 000. 00
Debentures.....	5 1, 128, 348, 875. 00	5, 000. 00
Federal intermediate credit banks.....	941, 591, 476. 90	357, 870, 000. 00
Federal National Mortgage Association.....	13, 772, 345. 91	
Federal Savings and Loan Insurance Corporation.....	(3)	
Home Owners' Loan Corporation (in liquidation):		
Guaranteed as to principal and interest.....	6 1, 707, 902, 225. 00	447, 355, 775. 00
Guaranteed as to interest only.....	107, 200. 00	107, 200. 00
Inland Waterways Corporation.....	2, 967, 968. 21	
Panama Railroad Company.....	7, 000, 000. 00	
Public Housing Administration (U. S. Housing Act).....	725, 692, 000. 00	347, 002, 000. 00
Reconstruction Finance Corporation.....	7 9, 161, 254, 930. 26	9, 161, 254, 930. 26
Regional Agricultural Credit Corporation of Washington, D. C.	(3)	
Tennessee Valley Associated Cooperatives, Inc. ⁸	(3)	
Tennessee Valley Authority:		
Guaranteed.....	56, 500, 000. 00	56, 500, 000. 00
On credit of United States.....		
U. S. Commercial Company.....	4 170, 795, 993. 07	155, 773, 226. 87
Virgin Islands Company, The:		
From Secretary of the Treasury.....	250, 000. 00	250, 000. 00
Others.....	(3)	9 359, 302. 00
Warrior River Terminal Company, Inc.....	(3)	
Total.....	29, 750, 721, 402. 52	12, 230, 158, 809. 69
Less: Intercorporate items:		
Defense Homes Corporation (due RFC).....	42, 441, 341. 16	42, 383, 341. 16
Central Bank for Cooperatives (due FICB).....		30, 424, 633. 39
District banks for cooperatives (due FICB).....		14, 109, 152. 48
U. S. Commercial Company (due RFC).....	170, 795, 993. 07	155, 773, 226. 87
Net total.....	29, 537, 484, 068. 29	11, 987, 468, 455. 79

¹ Corporations not included in this statement have no provision for borrowing authority. The Federal land banks are excluded because subsequent to June 26, 1947, the United States has no proprietary interest in any Federal land bank.

² Represents mixed-ownership corporations.

³ No amount stated.

⁴ Represents amounts of loans outstanding plus undisbursed commitments under loan authorization by RFC.

⁵ While no change was made in the rules and regulations for the Federal Home Loan Bank System pertaining to the issuance of consolidated Federal home loan bank debentures, no further issuance of such debentures is contemplated. The authority to issue bonds and notes will be nullified if the authority to issue debentures is availed of again. The amount of \$5,000 unretired debentures is matured and cash for the redemption has been deposited with the U. S. Treasury.

⁶ In addition, the Corporation has authority to issue bonds for refunding of outstanding bonds. The authority of the Corporation to make new loans expired June 12, 1936.

⁷ Public Law 132, approved June 30, 1947, effective July 1, 1947, amended the RFC Act to provide for borrowing from the Secretary of the Treasury sufficient to carry out its functions.

⁸ Corporation is in liquidation and borrowing power will not be used.

⁹ Figures 1 as of June 30, 1947, the latest available.

NEED FOR THE GOVERNMENT CORPORATION CONTROL ACT

While much of the total authority of Government corporations to borrow funds is subject to certain restrictions, the foregoing tabulation is an indication of the staggering degree to which the Congress has delegated its constitutional authority to appropriate public funds and obligate the credit of the United States. Opinions have been voiced by some who believe that certain practices involving Government corporations constitute a circumvention of congressional appropriation procedures adopted to implement the basic concept expressed in article I, section 9, of the Constitution, as follows:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law * * *.

It is further provided by law that—

No act of Congress passed after June 30, 1906, shall be construed to make an appropriation out of the Treasury of the United States * * * unless such act shall in specific terms declare an appropriation to be made * * * (31 U. S. C. 627).

The use of the corporate form by the Federal Government to execute governmental functions of a commercial character is not a recent development. The first use of a corporation by the Government occurred in 1781 when the Bank of North America was established. The next two corporations were likewise banks, the First Bank of the United States (1791) and the Second Bank of the United States (1816). The latter bank became involved in the case of *McCulloch v. Maryland* (4 Wh. 316 (1819)) in which the Supreme Court held that a Government corporation is a constitutional means of carrying into effect the legitimate powers of the Federal Government.

Although the constitutionality of the corporate form had been thus established, little use was made of this type of organization prior to World War I. The Panama Railroad Company (incorporated in New York in 1849) was the first instance of complete Government ownership and operation of a business corporation; all stock and property in this then privately owned and operated company were acquired incidentally to purchase of property and rights in the Canal Zone by the United States pursuant to the act of 1902. There were no other such Government corporations until the start of World War I.

During 1917 and 1918, 19 corporations were created by or under Federal legislation, a number of them for the purpose of aiding in the war effort.

At June 10, 1921, the date of enactment of the Budget and Accounting Act, there were 19 Government corporations in existence.

The Inland Waterways Corporation was incorporated in the District of Columbia in 1924.

The 1930's, including the economic-emergency period, contributed a large number of Government corporations. The more important corporations created during this period were Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, Export-Import Bank, Commodity Credit Corporation, the Virgin Islands Company, Federal Prison Industries, Tennessee Valley Authority, 15 corporations of the National Housing Agency (Housing and Home Finance Agency) group, and 38 corporations of the Farm Credit Administration group.

86 GOVERNMENT CORPORATIONS

The major corporations created during the 1940's, including the World War II period, were certain subsidiaries of Reconstruction Finance Corporation (Defense Plant Corporation, Defense Supplies Corporation, Metals Reserve Company, and War Damage Corporation), U. S. Commercial Company, Smaller War Plants Corporation, the inter-American affairs corporations, Petroleum Reserve Corporation, Rubber Reserve Company, and Rubber Development Corporation. Some of the corporations that had been created during the 1930's were also of immense aid in the war effort. There are 86 Government corporations in existence at present, the majority of which are engaged in business activities, including production, transportation, power, housing, insurance, and banking.

Government corporations have had a continuing and ever-increasing effect on the financial structure of the country and the Government. During the period beginning with the passage of the Budget and Accounting Act on June 10, 1921, up to 1945, the corporations were not subject to over-all financial coordination and control, or control of activities comparable to those provided by that act for the regular Government departments and establishments. At the time of the passage of the Budget and Accounting Act, the effect of the financial transactions of the then existing Government corporations upon the over-all Government financial structure was not too significant; no action was taken to include corporations within the scope of that act.

The increase in the number of Government corporations up to 1945 has been accompanied by a correspondingly greater influence upon the national fiscal structure. This is indicated by the fact that the budget of the United States Government for the fiscal year 1949, now under consideration, contains an estimated income of \$2,982,000,000 and estimated expenses of \$3,677,000,000 for wholly owned corporations and related unincorporated credit agencies for that fiscal year. According to the March 15, 1948, issue of the daily statement of the United States Treasury, total assets of corporations of the United States Government as at December 31, 1947, approximated \$10,599,000,000, and total liabilities, \$13,877,000,000, before adjustment of the results of the war programs of Reconstruction Finance Corporation.

APPROPRIATION AND AUDIT CONTROL

For more than a decade, the legislative and executive branches have become increasingly aware of the fact that the Government's financial programs could not be effectively coordinated without some control over Government corporations. However, it was also widely recognized that employment of the corporate device by the Government has been justified by the need for a high degree of autonomy and flexibility in conducting programs involving activities of a business nature.

Even though certain actions were taken from time to time by the President and by the Congress to create some measure of financial control over the Government corporations, the pattern of control was far from uniform, often without regard to the real needs of the situation or the relation of the corporation to the general financial

program of the Government. Examples of attempted controls were as follows:

(a) Executive Order 6549, January 3, 1934, directed that accounts of all receipts and expenditures by governmental agencies, including corporations, created after March 3, 1933, the accounting procedure for which was not otherwise prescribed by law, be rendered to the General Accounting Office for settlement and adjustment under the Budget and Accounting Act. However, shortly thereafter, many corporations were exempted from that order.

(b) Since 1935, Executive orders have been issued from time to time requesting certain Government corporations to submit annual estimates of their administrative expenses to the Director of the Bureau of the Budget for approval.

(c) The First Deficiency Appropriation Act, 1936 (49 Stat. 1647), contained a requirement in section 7 that certain agencies named therein, including corporations, should not incur any obligations for administrative expenses after June 30, 1937, except pursuant to a specific annual appropriation.

(d) The Tennessee Valley Authority, Federal Crop Insurance Corporation, and Commodity Credit Corporation were required by specific statute to be audited under a special type of audit suited to the corporate form of activity.

Due to the lack of uniformity which then existed, the annual budgets submitted to the Congress by the President were incomplete, as were the audits conducted by the General Accounting Office. In many cases voluntary cooperation on the part of the Government corporations had to be depended upon by the Treasury Department in its administration of the general fiscal program of the Government.

The Joint Committee on Reduction of Nonessential Federal Expenditures studied for nearly 2 years the complex problems stated herein and reported thereon in Senate Document No. 227, Seventy-eighth Congress. As a consequence, bills were introduced in both Houses of Congress embodying the recommendations of the report and designed to establish financial control over Government corporations by the Congress, the President through the Bureau of the Budget, the Treasury Department, and the General Accounting Office, with due regard to the need for flexibility in the operations of such corporations. Hearings were held on this legislation, and its objectives were endorsed by the Comptroller General of the United States, the Director of the Bureau of the Budget, and Treasury Department representatives.

AUDIT REVIEW

Public Law 4, approved February 24, 1945 (59 Stat. 6), for the first time brought all Government corporations under a commercial-type audit by the General Accounting Office for the purpose of reporting to the Congress.

Further congressional action resulted in the enactment of Public Law 248, approved December 6, 1945, which is cited as the "Government Corporation Control Act." Section 2 of the act contains the congressional declaration of policy, as follows:

It is hereby declared to be the policy of the Congress to bring Government corporations and their transactions and operations under annual scrutiny by the Congress and to provide current financial control thereof.

The act provides the means for effective control by the Congress over the Government corporations through a systematic procedure for consideration and action on their contemplated programs in the form of business-type budgets to be included in the annual budget submitted by the President and through a commercial-type audit and report to the Congress by the Comptroller General including comments on their compliance with congressional directives and restrictions. It also requires approval by the Secretary of the Treasury of the depositories, financing, and Government-security transactions of all Government corporations except certain farm-credit institutions. It prohibits the creation of any Government corporation to act as an agency or instrumentality of the United States except by or pursuant to action of the Congress and requires those now operating under State charters to institute dissolution or liquidation proceedings on or before June 30, 1948, subject to reincorporation by act of Congress.

The budget provisions apply only to the wholly owned Government corporations, but the audit and Treasury provisions apply also to the mixed-ownership Government corporations in which part of the capital stock is owned by the United States and part by borrowers or other private holders. The corporations subject to the act are listed therein.

FISCAL CONTROLS

After consultation with the General Accounting Office and others with respect to the fiscal practices of the corporations and the methods followed in financing their operations, the following principles are suggested as necessary to retaining within the power of the Congress adequate control:

All funds supplied to a corporation, with few exceptions, should be obtained from a single source—namely, the United States Treasury—after being covered by appropriations made in advance by Congress, and a receipt should be given for funds received.

Funds in excess of reasonable current requirements should be returned to the Treasury without delay. After all funds advanced have been returned, except for a nominal amount retained as evidence of ownership, excess funds should be considered as dividends and covered into the Treasury as miscellaneous receipts.

Government corporations should not be allowed to retain reserve funds. (Insurance-type activities and perhaps a few others may be exceptions.)

Operations undertaken for the account of other Government agencies (only for those having authority and appropriations to cover the purpose) should be on a break-even basis and covered by definitive contracts or other agreements which would include provisions for prompt and regular reimbursements to, or settlements with, the corporation for its costs.

Government corporations should be required to go to the Congress in advance for appropriations to cover loss or subsidy programs.

Corporations should be required to pay interest periodically on the entire investment of the Government therein, represented by net funds advanced by the Treasury including the reasonable value at the date of transfer of any assets, less liabilities, transferred (other than by sale, or for stand-by, surplus disposal, or other nonuse purposes) from other agencies of the Government, or minus the value of

such net assets transferred to other Government agencies. Such interest should be at rates calculated annually in advance by the Treasury as required to reimburse it for its costs. This procedure will result in the accounts of the corporations reflecting more nearly the cost to the Government of the programs undertaken.

Corporations should also pay, and reflect in their costs of operation, their fair share of the cost to the Government of the civil-service retirement and disability system, employees' compensation for service-connected injuries, and any other similar or significant benefits.

Programs or any operations which involve unrevealed subsidies should be clearly reflected in the accounts of the corporations and in their financial or other reports to the Congress.

ASSISTANCE BY THE COMPTROLLER GENERAL

The committee has received—and is grateful for—splendid assistance from representatives of the Comptroller General who have been engaged in auditing the books and accounts of the corporations and who, as a result of such audits, have secured a great deal of valuable information with respect to them. While the law requires that the audit reports be submitted to the Congress not later than January 15 of each year it is understandable that the reports for the first 2 years would be delayed on account of the difficulties attendant upon establishing a new system. The committee is glad to note that determined efforts are being made to bring this work up to date so that hereafter the reports should be available in ample time for the committee's consideration.

TENNESSEE VALLEY AUTHORITY

The Tennessee Valley Authority is a corporation created by act of Congress on May 18, 1933. It was established—

to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes.

The following statement, quoted from the President's budget message for the fiscal year 1948, summarizes the specific congressional authority granted to the Authority—

To accomplish these purposes the Corporation was specifically authorized to construct such dams and reservoirs in the Tennessee River and its tributaries as will provide and maintain a 9-foot channel in the river from Knoxville to its mouth and will best serve to promote navigation on the Tennessee River and its tributaries and control destructive floodwaters in the Tennessee and Mississippi drainage basins. Insofar as may be consistent with these navigation and flood-control objectives, it was directed to provide and operate facilities for the generation and sale of electric energy.

The Tennessee Valley Authority is financed by direct appropriations from the Treasury and by proceeds from its operations, principally the sale of power and fertilizer materials. Funds to cover expenses of navigation and flood-control operations, fertilizer research, resource development activities, and for capital plant additions such as structures, equipment, land, and under varying criteria electric generating equipment are requested in the form of direct appropriations. The budget program of the Authority contemplates the use of proceeds from its operations to finance the purchase and installation of hydro-

turbines and electric generators and operation of dams and reservoirs; to conduct the business of generating, transmitting, and distributing electric energy (construed by TVA to include acquisition of electric generating facilities), including purchase and installation of power transmission lines, and in manufacturing, selling, and distributing fertilizer and fertilizer ingredients.

The budget presented to the Congress for 1949, as summarized in the following condensed statement of sources and application of funds, anticipates the use of \$35,654,600 of funds directly appropriated from the Treasury, of which \$500,000 is carried forward from prior years, resulting in a net estimated new appropriation of \$35,154,600, and \$71,697,000 to be made available from the sale of electric power, fertilizer production, and other operations.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949 (as estimated in budget)

	Estimate, 1948	Estimate, 1949
FUNDS APPLIED		
From appropriated funds:		
To acquisition of assets.....	\$26,511,521	\$28,947,600
To expenses.....	7,346,000	7,297,000
Adjustment for depreciation charged to construction and clearing accounts.....	1,600,000	1,600,000
To increase in working capital.....	506,000	10,000
Total appropriated funds applied.....	33,763,521	35,654,600
From corporate funds:		
To acquisition of assets.....	29,270,000	29,139,000
To expenses.....	39,050,000	39,461,000
To retirement of borrowings and capital.....	2,500,000	2,500,000
To payment to U. S. Treasury, (sec. 26).....	8,000,000	750,000
To increase in working capital.....	8,897,930	6,192,930
Total corporate funds applied.....	87,717,930	78,042,930
Total funds applied.....	121,481,451	113,697,530
FUNDS PROVIDED		
From appropriated funds sources:		
New appropriation.....	18,700,000	35,154,600
Unobligated balance forward.....	15,063,521	500,000
Total appropriated funds provided.....	33,763,521	35,654,600
From corporate fund sources:		
By realization of assets.....	1,584,000	3,317,000
By income.....	64,915,000	66,939,000
By balance from prior year.....	21,218,930	7,786,930
Total corporate funds provided.....	87,717,930	78,042,930
Total funds provided.....	121,481,451	113,697,530

¹ Deduct.

DIRECT APPROPRIATIONS—CAPITAL EXPENDITURES

The following tabulation reflects the recommendations of the committee with respect to the appropriated funds requested:

Direct appropriation recommended for fiscal year 1949

Program or activity	Budget estimate ¹	Recommended by committee	Increase (+), or decrease (—)
For assets:			
Upper Holston projects.....	\$15,142,000	\$15,142,000	-----
Additions and betterments to completed projects.....	1,378,000	1,176,000	—\$202,000
Navigation facilities.....	480,000	480,000	-----
Power facilities.....	4,000,000	-----	—4,000,000
Investigations for future projects.....	96,000	96,000	-----
Chemical facilities.....	3,551,000	2,337,000	—1,214,000
Facilities and equipment for general use.....	3,389,600	2,458,000	—931,600
Norris and Wilson villages.....	23,000	-----	—23,000
Total for assets.....	28,059,600	21,689,000	—6,370,600

See footnotes at end of table, p. 12.

Direct appropriation recommended for fiscal year 1949—Continued

Program or activity	Budget estimate ¹	Recommended by committee	Increase (+), or decrease (—)
For expenses:			
Fertilizer and munitions research and development.....	\$1,367,000	\$1,134,000	—\$233,000
Resource development activities.....	5,150,000	4,265,000	—885,000
Navigation operations.....	257,000	257,000	-----
Flood control operations.....	52,000	52,000	-----
Administrative and general expenses.....	1,260,000	992,061	—267,939
Operation of Norris and Wilson villages.....	99,000	100,000	+1,000
Total for expenses.....	8,185,000	6,800,061	—1,384,939
Total for assets and expenses.....	36,244,600	28,489,061	—7,755,539
Funds available from prior years and depreciation and clearing adjustment.....	—1,100,000	—1,100,000	-----
Working capital adjustment.....	+10,000	-----	—10,000
New appropriation.....	35,154,600	27,389,061	—7,765,539

¹ Revised to show administrative and general expenses and deficit of Norris and Wilson Villages as separate items.

¹ The amount of \$15,142,000 which is requested for the construction of the Watauga Dam and the South Holston Dam is recommended in full by the committee. These dams, which are currently under construction, are in furtherance of the basic provisions of the TVA Act and are entirely justified.

The amount requested for additions and betterments to completed multiple-use projects has been reduced by the committee in amount of \$202,000 to \$1,176,000, as the estimate includes certain activities which can be curtailed or deferred.

The committee recommends approval of \$480,000, the amount requested in the budget, for capital expenditures for navigation facilities. This item provides for dredging canals, dike construction, lock improvements, and other improvements related to navigation.

PROPOSED STEAM PLANT

Of the total appropriation requested by the TVA, \$4,000,000 is sought for beginning construction of a steam plant for generating electricity, the total ultimate cost of which would approximate \$84,000,000, including auxiliary appurtenances for its operation. The justification offered for the construction of such a generating plant, as testified in hearings by the Chairman of the TVA, is based upon alleged obligations of the TVA to supply all power demands, no matter how great, of the Tennessee Valley area.

Testimony of officials of TVA further indicates that the Authority recognizes that although substantial additional power can be generated by installation of new hydro-generators, it is approaching the limit of the amount of electricity which can be generated by water power harnessed primarily for purposes of flood control and navigation.

The proposal to construct this steam plant is based upon the recognition of these two factors, and is intended to provide additional generating capacity to meet the currently estimated requirements of the foreseeable future for electric power in the Tennessee Valley area.

QUESTION OF LEGISLATIVE INTENT

This appears to the committee to raise a fundamental question as to the extent of the authority intended to be conferred upon the TVA.

Sections 9a and 10 of the TVA Act, as amended, are as follows [emphasis supplied]:

SEC. 9a. The Board is hereby directed in the operation of any dam or reservoir in its possession and control to regulate the stream flow primarily for the purposes of promoting navigation and controlling floods. So far as may be consistent with such purposes, the Board is authorized to provide and operate facilities for the generation of electric energy at any such dam for the use of the Corporation and for the use of the United States or any agency thereof, and the Board is further authorized, whenever an opportunity is afforded, to provide and operate facilities for the generation of electric energy in order to avoid the waste of water power, to transmit and market such power as in this act provided, and thereby, so far as may be practicable, to assist in liquidating the cost or aid in the maintenance of the projects of the Authority. [49 Stat. 1076.]

SEC. 10. The Board is hereby empowered and authorized to sell the surplus power not used in its operations, and for operation of locks and other works generated by it, to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies hereinafter set forth; and to carry out said authority, the Board is authorized to enter into contracts for such sale for a term not exceeding twenty years, and in the sale of such current by the Board it shall give preference to States, counties, municipalities, and cooperative organizations of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members: *Provided*, That all contracts made with private companies or individuals for the sale of power, which power is to be resold for a profit, shall contain a provision authorizing the Board to cancel said contract upon five years' notice in writing, if the Board needs said power to supply the demands of States, counties, or municipalities. In order to promote and encourage the fullest possible use of electric light and power on farms within reasonable distance of any of its transmission lines the Board in its discretion shall have power to construct transmission lines to farms and small villages that are not otherwise supplied with electricity at reasonable rates, and to make such rules and regulations governing such sale and distribution of such electric power as in its judgment may be just and equitable: *Provided further*, That the Board is hereby authorized and directed to make studies, experiments, and determinations to promote the wider and better use of electric power for agricultural and domestic use, or for small or local industries, and it may cooperate with State governments, or their subdivisions or agencies, with educational or research institutions, and with cooperatives or other organizations, in the application of electric power to the fuller and better balanced development of the resources of the region [48 Stat. 64]: *Provided further*, That the Board is authorized to include in any contract for the sale of power such terms and conditions, including resale rate schedules, and to provide for such rules and regulations as in its judgment may be necessary or desirable for carrying out the purposes of this Act, and in case the purchaser shall fail to comply with any such terms and conditions, or violate any such rules and regulations, said contract may provide that it shall be voidable at the election of the Board: *Provided further*, That in order to supply farms and small villages with electric power directly as contemplated by this section, the Board in its discretion shall have power to acquire existing electric facilities used in serving such farms and small villages: *And provided further*, That the terms "States", "counties", and "municipalities" as used in this Act shall be construed to include the public agencies of any of them unless the context requires a different construction. [49 Stat. 1076.]

It clearly appears from section 10 that Congress intended that the electric power incidentally derived from the flood control and navigation facilities should be used primarily for the benefit of States, counties, municipalities, and cooperative organizations of citizens and farmers.

STEAM PLANT UNNECESSARY FOR MUNICIPALITIES AND COOPERATIVES

It appears equally clear from the testimony before the committee that there will be available from present and prospective generating facilities without the proposed steam plant an entirely adequate supply of power for the foreseeable demands of these preferred classes.

of customers. In other words, there is no necessity whatsoever for the installation now or in the foreseeable future of the proposed steam plant so far as the preferred class of customers is concerned. In fact, at the present time less than a third of the power generated by TVA is used by the preferred customers. The balance is sold to industrial users and private public utility companies, including such companies as the Aluminum Co. of America, the Monsanto Chemical Co., Victor Chemical Works, Reynolds Metal Co., etc.

NO OBLIGATION TO SUPPLY INDUSTRIES

Heretofore the officials of the Authority recognized that the principal purpose of the act, so far as electric power was concerned, was to supply such power as might be available to the preferred classification of customers in the area. Former Chairman Lilienthal, testifying before the Joint Committee on the Investigation of TVA in July 1938, stated [emphasis supplied]:

Yet it is a part of our job to dispose of all of this power not 20 or 30 years from now, but as soon as possible and, so far as possible, every year during the life of the plants. That means that some method must be found of disposing of power for relatively short periods pending the growth of load by our municipal and cooperative customers. The only solution is sale to industrial and utility customers, that we have been able to devise. * * *

We have been successful in so staggering our contracts that I believe we have in large part solved the problem of reserving power for the growth of our municipal and cooperative customers without presently wasting the power so reserved. I hope that is clear. * * *

And I think, and I think most people feel it was remarkably good fortune that they succeeded so well in handling this very difficult situation of getting revenues as we go along and yet having blocks of power that we can cut off in the years to come to take care of the priority customers' increased needs in the future.

* * * Now, with a utility this situation of having to be ready to supply an increased demand by existing customers under a long-term contract presents no problem, no serious problem, because it simply constructs additional plants as they may be needed from time to time.

* * * With the Authority the situation is different, and the problem is acute. Generally speaking, we build our dams when and as required for the purposes of navigation and flood control, and not as market conditions for the power may dictate, and also subject to the general policies of the country with respect to public works for unemployment relief purposes.

It is quite apparent from the remarks of Mr. Lilienthal that he did not recognize an unlimited obligation to meet all the demands of all of the power users in the valley, municipal, cooperative, and industrial.

It is a far cry from that position to the position taken by the present officials of the Authority to the effect that TVA is under obligation to meet all of the power requirements of the valley, industrial as well as the preferred municipal and cooperative users, even though to meet such demands it becomes necessary to construct steam generating facilities wholly apart from, and having nothing to do with, navigation or flood control.

It is this radical change of position that presents the fundamental issue now before the House.

The committee is in serious doubt as to whether the act sustains the position taken by TVA, to wit, that it is authorized and has the obligation to supply all of the electric power demands in the region, even though such demands exceed the production available from authorized water-power facilities.

Interrogation by the committee as to what constitutes the basis of the conclusion that Congress intended that the Tennessee Valley Authority should be "the exclusive producer of [electric] power" in the Tennessee Valley elicited the following statement by the Chairman of the TVA—

* * * when we entered into these contracts with the municipalities and rural electric cooperatives and when the Congress authorized bonds for the major acquisitions which resulted in the elimination of the remaining large utilities in that region, it certainly carried with it the implication that the municipalities and the rural electric cooperatives and in fact the economy of the region, was to look to the TVA, for the Federal Government, as the substitute for what had heretofore been the source [of electric energy], the private utility.

The Chairman of TVA stated, with respect to the congressional authorization for the issuance of bonds to finance acquisition of certain utilities in the TVA area—

That certainly was recognition that the TVA power system was to take on the responsibilities of supplying that region, including the industrial customers.

In recommending the bill to which the Chairman of TVA refers, however, the Senate Committee on Agriculture in its report stated:

The purchase of the properties involved in this tentative sale would bring to the municipalities of a large section of Tennessee Valley the cheap electric rates of the TVA and thus save the citizens of more than 100 municipalities millions of dollars in the purchase price of electric current.

Evidently the Senate committee did not have in mind the supplying of cheap power to great industrial companies well able to provide their own power.

Counsel for the Tennessee Valley Authority testified—

* * * I think * * * there can be no question as to TVA's statutory authority, and indeed we have constructed a steam plant under this [TVA] act.

Presumably, the general counsel of TVA was referring to the construction of the Watts Bar steam plant, for which funds were appropriated by Public Resolution 95, Seventy-sixth Congress.

That appropriation by terms of the resolution was made—

for the Tennessee Valley Authority * * * to provide facilities to expedite the national defense.

In order that there should be no ambiguity as to the intent of that joint resolution, the committee report thereon, on page 2, contains the following unequivocal statement [emphasis supplied]:

There should not be any confusion in the public mind with respect to this proposal for the Tennessee Valley Authority. Irrespective of the present or past views of anyone with respect to the governmental policy involved in the Tennessee Valley Authority Act or the operations thereunder, this appropriation should be viewed and adjudged solely by its present bearing upon the national-defense program.

CONSTITUTIONAL QUESTION

Apart from the question of statutory construction, there is presented a serious question of whether the TVA has a constitutional right to engage commercially in the development and sale of power. In the *Ashwander* case (297 U. S. 288), which involved other TVA questions, Mr. Justice Reed, then Solicitor General, said [emphasis supplied]:

From the bench and at the bar this controversy has come down to a question of this kind, if we assume that this act was primarily for navigation, then it would be valid. If we determine that this act, while stating that it is for navigation, na-

tional defense and flood control, is actually for the purpose of developing power and selling it commercially, the act would be invalid.

In the colloquy between the Justices and counsel for the TVA, the latter expressly denied the right of his client to operate a steam plant for the purpose of generating power for sale [emphasis supplied]:

Mr. JUSTICE McREYNOLDS. Is there a steam plant in connection with this project?

Mr. O'BRIAN. Yes, Your Honor. That was mentioned earlier. There is a large steam plant which was built at Muscle Shoals before the dam was built.

Mr. JUSTICE McREYNOLDS. For what purpose?

Mr. O'BRIAN. For the purpose of equipping the war munitions plant immediately as quickly as possible with power.

Mr. JUSTICE McREYNOLDS. Is that used to generate electricity?

Mr. O'BRIAN. No, sir; it has never been used. It stands idle. Much is made in my opponents' brief of the danger of the Government selling power from the steam plant. That steam plant is not in this case. It has never been used. It has been maintained. It has been leased to the Alabama Power Co., which has used it as a stand-by facility with which to meet break-downs in its service. There is nothing in this record to show that the Authority ever intends to use it for the purpose of generating power for sale, and I disavow any such intention at this time.

Mr. JUSTICE BUTLER. I know; but you assert the power; do you not?

Mr. O'BRIAN. No; I do not.

Mr. JUSTICE BUTLER. Do you say that to aid in disposing of the electricity, incidentally produced from this navigation dam, the Congress has no power under the Constitution to build stand-by plants to supply their customers, to keep the current going?

Mr. O'BRIAN. If you mean break-down facilities, yes; it could. It would have to. Any regulated system would have that.

Mr. JUSTICE BUTLER. And then to meet great demands upon the peak?

Mr. O'BRIAN. No; I do not think that could be done in this case.

It is recognized that the Authority possesses and operates steam plants at the present time. However, such plants have been acquired or constructed under special conditions and circumstances having no bearing upon the present budget request.

CHAMBERS OF COMMERCE OPPOSE STEAM PLANT

A representative appearing in behalf of the National Association of State Chambers of Commerce requested and was given opportunity to appear before the committee. He filed a statement in behalf of 31 State and regional chambers of commerce, representing 29 States, in opposition to the proposed appropriation for initiating construction of the steam plant under discussion. In addition, the committee had representations from numerous municipal chambers of commerce in opposition to the construction of the steam plant. Certain Members of the Congress have requested the committee to approve the appropriation for the steam plant, and a representative of the Tennessee Valley Public Power Association was heard in favor of the steam plant by the committee.

PRIVATE UTILITY COMPANIES OPPOSE STEAM PLANT

Representatives of the privately owned electric companies which have large investments in power facilities testified that TVA and the Federal Government had neither constitutional nor statutory authority, and therefore, no obligation to supply electric energy required by occupants of the Tennessee Valley other than such surplus energy as is generated as an incident to the water power produced by the construction and operation of navigation and flood-control facilities.

FAR-REACHING PRECEDENT

If the position of the Authority is sustained, a precedent will be set which will justify unlimited future expansion of electric generating facilities by TVA by means of steam plants or other methods having nothing to do with navigation or flood control. Therefore, the request for this steam plant squarely presents the issue as to whether the Congress did in fact intend that TVA should operate primarily as a public utility for all purposes and without limitation, and, further, whether there is constitutional authority for such operations.

In the absence of clear evidence of legislative intent, the committee feels that it should not undertake to establish such a far-reaching precedent, but rather should leave the question for the careful consideration of the appropriate legislative committee. The committee, therefore, declines to recommend an appropriation for the construction of a steam plant.

OTHER CAPITAL FACILITIES

The estimate of \$96,000 for investigations for future projects provides for continuation of engineering work on flood control and for foundation investigation at future potential dam sites, and the committee recommends its approval in full.

The amount of \$3,551,000 requested for chemical facilities anticipates the acquisition of phosphate lands and rights, phosphate facilities, nitrogen facilities, laboratory and service building, and general facilities at the chemical plant. The committee considers the amount requested excessive for the coming year, inasmuch as a substantial portion of the contemplated activity can be eliminated or deferred. Accordingly, it has reduced the estimate by \$1,214,000, to \$2,337,000.

The estimate of \$3,389,600 for facilities and equipment for general use includes purchases of general construction equipment, planning and design studies for general office facilities, acquisition of office equipment, and general transportation facilities and equipment, including garage buildings. The committee recommends approval of \$2,458,000 of the amount requested under this category, but has made a reduction of \$931,600 since the construction of garages can be eliminated and certainly should be deferred in view of the shortages of building materials. Other minor curtailments can be effectuated readily.

DIRECT APPROPRIATION—FOR EXPENSES

Thus, the total amount of directly appropriated funds recommended for capital expenditures is \$21,689,000, or \$6,370,600 below the estimate of \$28,059,600.

In addition to the foregoing, which relates to capital expenditures financed out of direct appropriations, certain expenses of the TVA are also financed by direct appropriations from the Treasury as hereafter discussed.

The budget request for fertilizer and munitions research and development is \$1,367,000, which has been reduced to \$1,134,000 by the committee. The research conducted under this program is said to be coordinated with other departments of the Government and made available to commercial manufacturers of fertilizers. The committee

feels that the important basic aspects of the research program have progressed to a point where it may be adequately maintained with a lesser amount of funds out of the Treasury.

Many resource-development activities carried on by the TVA in the area in which it operates are conducted in other parts of the country by other Government agencies, but it is felt that the amounts requested by TVA for such activities in 1949 are excessive in view of the present burden of over-all governmental expenditures. Accordingly, the estimate of \$5,150,000 has been reduced to \$4,265,000.

The following tabulation indicates budget estimates for various phases of these activities and the amounts approved by the committee for each.

Appropriation for resource development activities recommended for 1949

	Budget estimate	Recommended by committee	Reduction below Budget estimate
Agricultural resource development:			
Fertilizer used in tests and demonstrations	\$1, 500, 000	\$1, 250, 000	—\$250, 000
Fertilizer distribution and relations with rural organizations	170, 000	150, 000	—20, 000
Test-demonstration supervision	750, 000	600, 000	—150, 000
Preliminary soil and fertilizer investigations	185, 000	150, 000	—35, 000
Soil inventory and mapping	65, 000	50, 000	—15, 000
Development and demonstration of farm equipment	170, 000	150, 000	—20, 000
Development of processes and markets for agricultural products	160, 000	150, 000	—10, 000
Total agricultural resource development	3, 000, 000	2, 500, 000	—500, 000
Forest resource development	750, 000	700, 000	—50, 000
Mineral resource development	150, 000	150, 000	
Recreational resource development	270, 000	150, 000	—120, 000
Stream sanitation and public health	200, 000	175, 000	—25, 000
Fish and game investigations	90, 000	90, 000	
Topographic mapping	400, 000	300, 000	—100, 000
Special studies and activities	290, 000	200, 000	—90, 000
Total	5, 150, 000	4, 265, 000	—885, 000

Under the graduated-payment plan, adopted by TVA following recommendations by the committee a year ago, \$400,000 in income will be derived from the fertilizer test and demonstration program. Thus \$1,650,000 will be available for this activity in 1949, or approximately 10 percent more than was available for 1948. And the total sum approved for agricultural resource development, together with income available in 1949, provides an amount only \$5,000 less than available for the entire program in 1948.

The budget estimate of \$309,000 for navigation and flood control operations, which are the primary functions of the corporation, is recommended by the committee for approval in full.

ADMINISTRATIVE AND GENERAL EXPENSES

Heretofore, the TVA is the only corporation for which provision is made in this bill the administrative expenses of which have not been specifically limited by law. The committee sees no justification for this exception and has accordingly included a limitation on such expenses of the TVA in the bill. Up to the present time, the TVA has prorated for each specific program and project the amounts attributable to administrative and general expenses. The limitation provided in the bill does not prohibit distribution of administrative and general expenses to programs and projects for cost accounting purposes, but

does require actual segregation of these particular categories of expenses. In this connection, it should be noted that in the schedule on pages 11 and 12 of this report the estimated amounts of administrative and general expenses have been separated from the amounts recommended by the committee for the various programs and projects enumerated. The reduction in the estimate of appropriated funds available for administrative and general expenses was made in the same ratio that the total direct appropriation estimate was reduced. The following schedule indicates the amounts estimated by TVA for the respective activities classified as administrative and general expenses, together with the amount recommended by the committee for each such activity. Although specific limitations in this detail have not been incorporated in the bill, it is the intention of the committee that the TVA follow as closely as possible the reductions in accordance with the figures in the succeeding table.

Administrative and general expenses for 1949

	Budget estimate	Recommended by committee	Reduction by committee
Board of directors.....	\$80,000	\$80,000	
Office of the general manager.....	83,000	83,000	
Budget staff.....	68,000	68,000	
Washington staff.....	43,000	43,000	
Information staff (including technical library service).....	190,000	150,000	—\$40,000
Personnel department.....	732,000	650,000	—82,000
Finance department.....	831,000	750,000	—81,000
Property and supply department.....	1,078,000	1,078,000	
Legal department.....	220,000	200,000	—20,000
Operation of medical and safety service units.....	416,000	375,000	—41,000
Other administrative and general expenses.....	225,000	200,000	—25,000
Total expenses.....	3,966,000	3,677,000	—289,000

NORRIS AND WILSON VILLAGES

A year ago the committee recommended that the TVA dispose of the villages at Norris and Wilson Dams. These villages, which were built some years ago, were financially unsound from their inception, and the annual loss from their operation has been running in excess of \$350,000. In line with its policy of securing a sound business basis for all the Government corporations the committee believes that it is of first importance that the TVA relieve itself of this unprofitable venture at the earliest practicable date and is pleased to note that plans for the sale of the villages are under way. This program should be pushed with the utmost vigor. The budget, as approved, includes an appropriation of \$100,000 for loss in the village operations in 1949 and the committee hopes that it will not be necessary to make provision for this item in future years. The cost of operation of the villages should not, after fiscal year 1948, be charged to the operating functions of the TVA and should not be prorated and charged to the power revenues or other revenues inasmuch as the operation of the villages makes no contribution to the production of such revenues. The accounts of the villages should be maintained as separate activities.

FUNDS DERIVED FROM TVA OPERATIONS

The following tabulation reflects the estimates of the TVA with respect to the use of funds to be made available from the sale of

electric power and fertilizer, and other activities of the corporation in 1949.

From corporate funds, to acquisition of assets:

Multiple-use facilities:

Upper Holston projects:

Watauga project.....	\$169, 000
South Holston project.....	72, 000

Total multiple-use facilities.....	241, 000
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Power facilities:

Generating facilities.....	9, 198, 000
Transmission, distribution, and communication facilities....	17, 540, 000
Power service building.....	2, 160, 000

Total.....	28, 898, 000
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Total acquisition of assets.....	29, 139, 000
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To expenses:

Power operations.....	20, 553, 000
Chemical operations.....	11, 614, 000
Multipurpose reservoir operations.....	4, 051, 000
Reimbursable services.....	3, 243, 000

Total.....	39, 461, 000
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To retirement of borrowings and capital.....	2, 500, 000
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To payment to United States Treasury (section 26).....	750, 000
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To increase in working capital:

Power inventories.....	¹ 127, 000
Chemical inventories.....	¹ 26, 000
Reserve for contingencies (cumulative).....	6, 345, 930

Total.....	6, 192, 930
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Total corporate funds applied.....	78, 042, 930
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¹ Deduct.

AMORTIZATION OF INVESTMENT IN POWER FACILITIES

The Government Corporations Appropriation Act for the fiscal year 1948 included a requirement that the TVA repay to the Treasury in a 40-year period the total Federal investment in the TVA power program. In recognition of the fact that net revenues or profits from power operations are dependent upon the uncontrollable contingencies of rainfall and volume of stream flow, latitude was provided by permitting the 40-year amortization period to be segregated into four 10-year periods, and except for retirement of bonded indebtedness, no rigid year-to-year requirements were written into the law. However, the committee indicated that it would review annually the payments proposed by the TVA in its budget programs and would specify the amount to be paid from year to year in the event it concluded that the TVA had not properly budgeted for this purpose. It should be noted that the contingency specified in the committee report and intended by the committee upon which such latitude was based was that of dry weather. At the time the amortization provision was being actively considered the committee was not informed of the fact that TVA had placed orders for production and subsequent delivery of hydrogenerating units for installation in dams, which entailed fixed future obligations and would interfere with meeting amortization requirements. Even though this subject was debated at length on the floor of the House and notwithstanding the fact that the TVA closely follows the course of legislation affecting its activities,

the Authority did not apprise the committee or the Congress of the fact that it had and was at that time entering into additional contractual obligations which would encumber its funds and require liquidation in succeeding years. The committee now notes that, although the TVA anticipates funds to be available from its operations and activities in excess of \$70,000,000 in the fiscal year 1949, it has budgeted an amortization repayment to the Treasury in amount of \$2,500,000 for bond retirement, as specifically required by law, plus an additional \$60,000 from its power proceeds and \$710,000 from other proceeds, making a total repayment budgeted in amount of \$3,250,000. Power proceeds are estimated to amount to \$18,676,000 net, after depreciation has been deducted in the amount of \$2,298,000. Since depreciation expense by the Authority is nothing more than a book-keeping entry, the actual cash proceeds from power operations should be approximately \$21,000,000, depending, of course, upon stream-flow conditions.

Great emphasis was placed by officials of the TVA in the course of hearings upon the fact that the contingency of a dry year might impair the cash position of the corporation and that this, together with the fact that the Board of Directors had determined to reinvest \$29,000,000 of its total proceeds from operations to the acquisition of assets, made it difficult for the Authority to make any greater payment under the amortization program in 1949. The committee notes that frequent reference is made in the narrative statements submitted in support of the TVA budget program to section 26 of the TVA Act, including references which appear to consolidate the amortization program enacted last year with section 26 of the TVA Act.

The TVA has interpreted section 26 of the TVA Act in the broadest possible terms and in such manner as to give the Board full authority to use the corporate revenues for new capital investment or for such other purposes as the Board may elect. In the light of this interpretation the TVA budget for 1949 offered the absolute minimum by way of repayment under the provisions of the appropriation act for 1948 requiring an annual payment to the Treasury and budgeted a correspondingly large amount for investment in capital equipment.

There are two points in the case where the committee is inclined to be critical:

- (1) There was not a full disclosure at the time the repayment provision was being discussed as to the obligations incurred—and then being incurred—against future years' revenues.

- (2) The action in connection with the 1949 budget indicated that the Board intends to subordinate repayment to the Treasury to expenditures for new capital investment.

The repayment provision affords every latitude to permit continued efficient operation of the power facilities if, in good years when revenues are high and costs are relatively low, substantial payments are made. However, prudent business practice would seem to indicate that advantage should be taken of every good year, as early as possible in each of the 10-year periods involved, to make the highest possible payments. Failure to do so might well result in failure to meet the requirements of the act. If a series of bad-luck years happened to fall in the latter part of a 10-year period, when those years were being counted upon, not only to pay their proportionate share, but to meet deficiencies in earlier year payments, a default might then become inevitable.

After carefully considering all the factors involved, the committee has inserted a provision in the bill requiring a repayment from power reserves of not less than \$5,500,000 in 1949, an increase of \$2,940,000 over the budget from this source. By adjustment of contingency reserves and possible delays in production schedules on the capital investment items, this amount probably can be paid without interfering with the current program. Coupled with the amount paid in 1948 this totals less than 20 percent of the amount necessary to repay the required amount in the first 10-year period. This deficiency should be made up just as rapidly as possible and, if conditions permit, a larger amount than \$5,500,000 should be paid in 1949.

The committee interprets the term "budget report" as used in the Government Corporation Control Act to mean presentation of a complete budget program, including all principal expenditures, obligations, and other financial activities, without qualification.

It expects the TVA in all future budget reports to the Congress to make a complete disclosure of its advance commitments and to make such disclosure in a lucid manner, simplified to the fullest extent possible without sacrificing completeness.

HOUSING AND HOME FINANCE AGENCY

The major housing activities of the Federal Government were permanently grouped in the Housing and Home Finance Agency by Reorganization Plan No. 3 which became effective July 27, 1947. The new Agency is successor to the temporary wartime organization, the National Housing Agency, in which these functions had been grouped by Executive Order 9070, and includes three major constituents:

Home Loan Bank Board (successor to the Federal Home Loan Bank Board and the Federal Home Loan Bank Administration. The Home Loan Bank Board supervises the Federal Home Loan Bank System and serves as the Board of Trustees of the Federal Savings and Loan Insurance Corporation and the Board of Directors of the Home Owners' Loan Corporation. Separate budgets are presented for each of the three agencies grouped under and administered by the Board).

Federal Housing Administration.

Public Housing Administration (successor to the United States Housing Authority and the Federal Public Housing Authority).

With the exception of the estimates for administrative expenses of the Office of the Administrator and of the Home Loan Bank Board and Bank System, all of the programs within the Housing and Home Finance Agency are presented as business-type budgets. Although the Federal Housing Administration is not included under title I of the Government Corporation Control Act, its 1949 budget has been submitted in business-type form. Legislation has been submitted to include the Federal Housing Administration under title I.

OFFICE OF THE ADMINISTRATOR

The Office of the Administrator provides staff assistance to the Administrator in the discharge of his responsibilities: (1) For the general supervision and coordination of the functions of the constituent agencies; (2) for assuring that the housing policies established

by the Congress are carried out with consistency of purpose and a minimum of friction, overlapping, and duplication; (3) for developing information, plans for action, and proposals for establishment or modification of policy in matters relating to the execution of the laws relating to housing; and (4) for supervision and direction of the delegated management and disposition operations with respect to emergency housing provided under the Lanham and related acts.

The budget estimate submitted for the Office of the Administrator totals \$910,000 for the 1949 fiscal year.

This has been reduced to \$750,000. Much of the activity budgeted by this office was not adequately justified, in the opinion of the committee.

The Administrator in carrying out his general supervisory and coordinating function over constituent agencies should continue and intensify the efforts already underway to assure that internal controls throughout the Agency are entirely adequate so that expenditures, whether administrative or nonadministrative, are held to an absolute minimum and are consistent with approved budgets. His office should maintain under constant study agency operations with a view to eliminating any duplication and overlapping, cutting out all nonessential operations and assuring an efficient and economical conduct of business.

The committee noted an improvement over last year in the justification presented in support of the budget request. It is important that further improvement be made in future submissions in order that the Congress may have each year a clear, concise, and uniform presentation of the budget needs and fiscal operations of the entire agency without excessive detail. Some sections of the justification covering constituent agency operations leave much to be desired, and the Administrator's office should confer with the committee and its staff prior to the next submission as to the best form in which justification material can be presented for use of the committee.

HOME LOAN BANK BOARD

Reorganization Plan No. 3 of 1947 established the Home Loan Bank Board of three members and transferred to it the functions of the Federal Home Loan Bank Board, the Board of Trustees of the Federal Savings and Loan Insurance Corporation, and the Board of Directors of the Home Owners' Loan Corporation. Separate budgets for the two Corporations follow that of the Home Loan Bank Board and Bank System.

The Home Loan Bank Board performs four principal functions:

(1) Supervision of the Federal Home Loan Bank System consisting of 11 home-loan banks and 3,700 member institutions. This System performs substantially similar functions in the field of home mortgage credit to those of the Federal Reserve System for commercial banks, and the Federal land banks in the field of farm finance. Funds for this function are derived from assessments on the 11 Federal home-loan banks.

(2) Formulation of policies, and provision of legal and administrative services, for the Federal Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation. Proportionate shares of the cost are borne on a reimbursable basis by the two Corporations.

(3) Examination of the savings and loan associations in which investors share accounts have been insured by Federal Savings and Loan Insurance Corporation, and supervisory action in connection with such examinations.

The bill carries a total limitation on administrative expenses, with a sublimitation on examination expenses.

The need for increasingly close attention to supervision of the bank system was urged by the new Board members in justification for the larger request of their organization. The committee agrees that this is important in view of the substantial proportion of home financing provided by savings and loan associations, assisted by advances from the home-loan banks, and of prevailing conditions of inflation in the general economy and the housing credit market.

The Federal Government through the Federal Savings and Loan Insurance Corporation has a major interest in seeing that the operations of insuring savings and loan associations are soundly and economically managed. The insured liability of the Federal Savings and Loan Insurance Corporation now amounts to almost \$7,000,000,000. Each insured institution is required to be examined annually, and these examinations, followed where necessary by prompt corrective action, represent the principal method for protecting the interest of the Government and the public in these institutions.

The present status of examining activities in the Home Loan Bank Board is a matter of major concern to the committee. It was stated that the task of examination has become more difficult because the size of institutions to be examined have increased substantially, as has the volume of new loans. These factors, coupled with the shortage of qualified personnel, have resulted in a steady increase in the backlog of past-due examinations. The Home Loan Bank Board estimates that it will have 820 overdue examinations by the end of the current fiscal year. The committee is, therefore, providing \$1,340,000 for the expenses of the examining division during fiscal year 1949. This amount represents an increase of \$376,560 over the current budget and is adequate, according to the Home Loan Bank Board, to employ sufficient examiners and clerical staff to bring the examining schedule current by the end of fiscal year 1949. In recommending this increase, the committee desires to make it clear that it expects the Board to make every effort to meet the goal of putting its examining activities on a current basis as quickly as possible.

The committee notes that the new Home Loan Bank Board has undertaken a survey of its organization. The Comptroller General has informed the committee that in October 1947 the General Accounting Office made a survey of the organization, and in that connection stated:

That survey, it is reported to me, disclosed a lack of coordination between divisions and constituent units, overlapping of functions, misplaced functions, divided authority, assignment of responsibilities without commensurate authority, and several small departments with functions that could be consolidated to produce greater efficiency and permit a reduction in the number of high-salaried personnel employed.

Certain organizational changes will be made before the beginning of 1949 and should materially reduce the administrative expenses in 1949. A small reduction of \$82,000 in the total limitation estimate has been made in the bill, but the committee fully expects the Home Loan Bank Board to make substantial further reductions during the

coming year. The Administrator of the Housing and Home Finance Agency should insist that proper steps to this end be taken.

HOME OWNERS' LOAN CORPORATION

The Home Owners' Loan Corporation was established under the act of June 13, 1933, as an emergency instrumentality of the Federal Government for the purpose of refinancing the mortgages of distressed urban home owners and to stem the flood of foreclosures resulting from the unprecedented economic collapse of the early thirties, and charged with the responsibility of taking over mortgages on small nonfarm homes the owners of which were in actual default and who could not otherwise escape foreclosure.

The authority of the Corporation to acquire mortgages of distressed home owners and other obligations and liens secured by real estate in exchange for cash or bonds of the Corporation expired June 12, 1936. Since that time the function of the Corporation has been to service the loans and to take over properties where necessary and dispose of them to the best interests of the Government. Through this process the Corporation is and has been proceeding with the liquidation of its assets.

The total amount of the Corporation's authorized capital, \$200,000,000, was subscribed and paid for by the Secretary of the Treasury. The Corporation had authority to issue \$4,750,000,000 in bonds and issued \$3,489,453,550. On June 30, 1947, \$532,976,450 of such bonds were still outstanding. It is expected that by June 30, 1949, the total bonds outstanding will have been reduced to \$246,476,450.

The Corporation's deficit reached a maximum of \$107,000,000 in 1944 and had been reduced by December 31, 1947, to \$54,000,000. It is expected to be further reduced to \$26,000,000 by June 30, 1949.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets	\$1,461,000	\$1,161,000
Expenses	7,547,334	¹ 5,606,000
Retirement of borrowings	161,500,000	125,000,000
Increase in working capital	3,045,137	4,505,000
Total funds applied	173,553,471	136,272,000
Funds provided:		
Realization of assets	151,183,471	119,667,000
Income	22,370,000	16,605,000
Total funds provided	173,553,471	136,272,000

¹ Includes administrative expenses estimated at \$2,500,000 and reduced by committee to \$2,250,000.

All regional offices of the Corporation have now been closed, and the 300,000 outstanding loans are being serviced by mail. The 1949 administrative expense request of \$2,500,000 has been reduced by the committee to \$2,250,000.

The committee wishes to point out that the Home Owners' Loan Corporation has made further progress in its liquidation activities and is now about 85 percent of the way to a complete wind-up of its affairs. The program recently initiated by the Home Loan Bank

Board to encourage borrowers from Home Owners' Loan Corporation whose loans are small to repay their remaining indebtedness in full should be continued. The committee feels that the bank board's plan to dispose of all holdings in several States where outstanding loans total less than a million dollars will result in economy of operations and should be carried out as expeditiously as possible.

The committee has observed that the stock of the Home Owners' Loan Corporation in the amount of \$200,000,000 is owned by the Treasury of the United States and that the Home Owners' Loan Corporation owns the stock of the Federal Savings and Loan Insurance Corporation in the amount of \$100,000,000. The HOLC originally acquired the stock of the FSLIC by issuing, pursuant to law, \$100,000,000 of its bonds to FSLIC, which in turn sold those bonds to the public. Subsequently the bonds issued by HOLC were paid off at maturity so that as of December 31, 1947, all bonds of the HOLC had been canceled except in an amount of \$3,355,775 which had not been presented for redemption. HOLC has deposited with the Treasury an offsetting cash amount as a guaranty of the payment of these bonds when they are presented. The FSLIC now owns no bonds of the HOLC, and its entire bond investment consisted of securities of the United States Government in the amount of \$184,480,440 as of December 31, 1947. There is an outstanding disagreement between HOLC and FSLIC over payment of dividends. Under the original act, HOLC was entitled to receive from the FSLIC dividends equal to the interest on the bonds which the HOLC issued for the purchase of stock in FSLIC. That interest rate originally was 3 percent, but, when the HOLC bonds were paid off, HOLC borrowed money from the Treasury Department at 1 percent. Except during 1 year, FSLIC has not paid dividends to HOLC, but has accumulated on its books in lieu of dividends a reserve which now amounts to \$38,250,000.

The committee feels that there is no justification for the continuation of this complicated financial relationship between these corporations, and between them and the Treasury Department. Therefore, provision has been made in the bill to transfer the ownership of the stock in FSLIC from HOLC to the Treasury Department and directing the Treasury to cancel stock in HOLC in an equal amount. This action would transfer all right, title, and interest of the HOLC in the stock of the FSLIC, including dividends accrued and to accrue thereon, to the Treasury Department. While the HOLC may contend that it is deprived of earnings to which it is justly entitled by the transfer of its right to collect the accrued dividends, it obviously makes no difference in the long run which way these dividends are paid. Of HOLC's alleged profit occasioned by claim against accrued and deferred dividends of FSLIC stock, that part which is attributable to the difference in the 3 percent interest rate on original HOLC bonds and the amount paid to the Treasury for money after retirement of HOLC bonds is at least questionable in view of the average interest paid by the Treasury for money during the same period. In any event, all of the funds invested in HOLC and in FSLIC belong to the Treasury of the United States. Whatever the earnings of the HOLC ultimately amount to, or if there is ultimately a net loss, it will accrue to, or be sustained by, the Treasury. The same is true with respect to FSLIC. Therefore, these questions are largely academic and would probably never have arisen if a more simplified financial structure had been utilized in the first place.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

The Federal Savings and Loan Insurance Corporation was created in 1934 under title IV of the National Housing Act. The Corporation insures up to \$5,000 for each account the savings of investors in all Federal savings and loan associations and in other institutions of the savings-and-loan type which are eligible and approved for insurance.

Total reserves on June 30, 1947, were equal to 1.162 percent of the insured liability, as compared to the 5 percent which the National Housing Act requires that the Corporation accumulate. Excluding the special reserve for contingencies (representing the accumulated unpaid dividends on the capital stock), the reserve fund would be only 0.629 percent of the basic insured liability.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$16,302,700	\$14,782,700
Expenses.....	2,050,400	¹ 2,171,400
Total funds applied.....	18,353,100	16,954,100
Funds provided:		
Realization of assets.....	5,017,800	2,760,900
Income.....	12,877,300	13,973,300
Decrease in working capital.....	458,000	219,900
Total funds provided.....	18,353,100	16,954,100

¹ Includes administrative expenses estimated at \$635,000 and reduced by committee to \$600,000.

Estimates for payment of insurance claims and contributions to prevent the default of insured associations amount to \$11,252,700 for 1948 and \$12,232,700 for 1949. More favorable actual experience will result in increased investments and surplus reserves. Insurance premiums are estimated at \$8,711,400 for the current fiscal year and \$9,773,700 in 1949.

As indicated above, the examination and supervision of insured savings-and-loan associations is carried out under the Home Loan Bank Board directly, and the Board is reimbursed for this service by the Insurance Corporation. The staff of the Corporation itself is responsible for examination of the eligibility of institutions applying for insurance, preventive measures in connection with insured institutions in danger of default, and the handling of problems arising out of claims. The Corporation is authorized to make contributions to insured institutions to overcome temporary impairments of their financial position, and where it becomes necessary may assume as receiver the assets of an insured institution for management and disposition. The estimate of \$635,000 for fiscal year 1949 for administrative expenses has been reduced by the committee to \$600,000, but the amount recommended is an increase of \$68,000 over the amount available in 1948. No funds are recommended for activities by Government employees in soliciting additional institutions to participate in this program.

As stated last year, it is reported that officials of mortgage-lending institutions too often supplement their salaries by commissions received in placing fire insurance on the homes covered by their

mortgage loans. The officials of the Corporation should exercise their full discretion under the law to refuse to insure any institutions whose officials sell insurance or receive other fees (which thereby may directly or indirectly influence loan judgment) in addition to their salaries.

FEDERAL HOUSING ADMINISTRATION

The Federal Housing Administration was established in 1934 under the provisions of the National Housing Act to improve housing standards and home-financing practices through insurance of home-mortgage and home-improvement loans.

The Administration has been operating in the current year under three titles of the National Housing Act: Title I, which authorizes partial insurance of character loans made for renovation, improvement, and, within certain limitations, construction of both residential and nonresidential properties; title II, which provides for the insurance of home mortgages up to 80 and 90 percent of the appraised long-term value of both new and existing small homes and new rental housing projects; and title VI, which parallels title II but provides for appraisals on a current cost basis and higher percentage loans for emergency housing.

As of December 31, 1947, pertinent data on the Federal Housing Administration operations were as follows:

	Total author- ization	Estimated insurance outstanding	Net worth of insurance funds
Title I.....		\$652, 594, 809	\$22, 229, 397
Title II.....	¹ \$4, 000, 000, 000	2, 474, 655, 713	116, 347, 350
Title VI.....	² 4, 450, 000, 000	1, 840, 191, 371	24, 418, 794
Total.....		4, 967, 441, 893	162, 995, 541

¹ Plus \$1,000,000,000 which may be authorized by President.

² Plus \$750,000,000 for sec. 610.

Since December 31, as noted below, the authorization under title VI has been increased by an additional \$400,000,000.

All operating expenditures of the Federal Housing Administration in connection with the programs authorized by titles I, II, and VI of the National Housing Act are financed from the resources of the four insurance funds, namely, the title I insurance fund, the mutual mortgage insurance fund, the housing insurance fund, and the war housing insurance fund. Expenditures of the Federal Housing Administration include: (1) Payment of claims for insurance under the modernization and property-improvement program authorized by title I of the act; (2) payment of charges to the several housing insurance funds resulting from the acquisition, management, and disposal of foreclosed properties acquired under the mortgage-insurance programs; and (3) administrative expenses of the departmental and field staffs of the Federal Housing Administration.

Complete consideration of the budget of FHA has not been undertaken owing to the fact that several legislative changes affecting operations for 1949 occurred since the budget was prepared and were not reflected in the material before the committee. Public Laws 394 and 468 increased and extended the authorization under title VI, and

such additional authorization will have been committed before June 30, 1948.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$32,734,830	\$25,792,000
Expenses.....	20,626,087	¹ 19,360,000
Retirement of borrowings and capital and distribution of surplus.....	16,265,855	22,578,400
Increase in working capital.....	13,175,979	
Total funds applied.....	82,802,751	67,730,400
Funds provided:		
Realization of assets.....	20,957,619	6,571,481
Income.....	57,308,632	51,985,734
Borrowings, capital and surplus subscriptions, and appropriations.....	4,536,500	7,011,000
Decrease in working capital.....		2,162,185
Total funds provided.....	82,802,751	67,730,400

¹ Includes administrative expenses estimated at \$19,000,000.

The budget estimate of \$19,000,000 relates primarily to work under title II. This amount has been approved, and the expenses relating to the title VI program will be considered after enactment of a new title VI authorization.

PUBLIC HOUSING ADMINISTRATION

The Public Housing Administration is one of the three constituent units of the Housing and Home Finance Agency established by Reorganization Plan No. 3 of 1947. The Administration operates six major programs for each of which a separate program budget is presented. The operations of three programs—war housing, homes conversion, and veterans re-use housing—were delegated to the PHA by the Administrator. Three more programs—the Defense Homes Corporation, United States Housing Act program, and subsistence homesteads and Greenbelt towns program—were transferred directly to the PHA by Reorganization Plan No. 3.

The PHA is operated as a single organization and a single administrative expense estimate is submitted, for these six programs.

The limitation on administrative expenses is estimated in 1949 at \$11,000,000. This has been reduced in the bill to \$9,000,000. The limitation on higher-grade employees has been modified so as to be more easily administered.

The war and emergency housing direct project expenses estimated for fiscal year 1948 are 36.6 million dollars which is less than the fiscal year 1948 figure of 55.6 million dollars. On this basis there would be a substantial decrease in total project-management costs during fiscal year 1949. However, interrogation by the committee disclosed that the reduction was based largely upon the disposal of a large number of housing projects which the Administration has little hope of realizing.

The committee concludes that the Public Housing Administration has not taken all possible steps to assure the most economical use of public funds in connection with project operations. The committee is of the opinion that the great degree of operating freedom given the regional offices during the war is not conducive to economical opera-

tion and disposal of these projects, and that the new Commissioner should promptly take steps to secure a closer supervision of field operations, especially at the project sites.

The past record of the Public Housing Administration is replete with instances of maladministration and deplorable abuses of public property and funds, which were condemned by the committee last year and publicized by the Committee on Executive Expenditures recently. The cooperation of the latter in revealing its investigative findings in executive session to the committee is appreciated. Especially after the record of his predecessor, the newly appointed Commissioner of Public Housing is confronted with a difficult job. He has indicated his desire to correct all abuses, and the committee has emphatically pointed out that close attention must be given to curtailing direct project-operating costs, reducing excess project employees, and elimination of all abuses of Government property and funds. It is hoped that the present Commissioner can be successful.

Inflexible limitations on individual items of project expense would hamper the new Commissioner in his effort to improve the operations of this organization. The committee, however, will scrutinize with particular care next year the steps which have been taken to establish effective administrative control over all costs.

Meanwhile, the regional offices in the field should be closed at the earliest practicable date, and the proposal of the Commissioner to centralize management and control functions in Washington should be implemented with attendant savings as soon as possible.

Section 303 (a) of the Lanham Act provides in part:

* * * the unobligated balances of moneys deposited into the Treasury from rental or operation of such property shall be covered at the end of each fiscal year into miscellaneous receipts.

Section 303 (b) contains similar provisions with regard to moneys derived from disposition or removal. The committee feels that deposit of receipts from rental operation and disposition or removal of housing should be covered into the Treasury more often than once a year in order that Treasury financing activities may utilize during the course of a year all public funds possible. At the instance of the committee, the Housing and Home Finance Agency analyzed the foregoing provision of law and the Office of the Administrator advised the committee that in the opinion of its attorneys the statutory language requiring an annual deposit was intended as a minimum requirement rather than a rigid procedure. Accordingly, the Housing and Home Finance Agency has agreed that such deposits will be made to the Treasury quarterly, beginning with the quarter ending March 31, 1948. A deposit of \$34,000,000, which was available at the end of February 1948, has already been made at the instance of the committee into miscellaneous receipts of the Treasury, and an additional amount of \$6,000,000 will be so transferred in the near future.

PUBLIC WAR HOUSING

The public war housing program authorized under title I of the Lanham Act is in the liquidation stage. Pending ultimate disposition of this housing, veterans and their families receive preference on all dwellings becoming available.

As of June 30, 1947, approximately \$1,685,000,000 had been allotted to Public Housing Administration from funds made available under

titles I, II, and IV of the Lanham Act, temporary shelter acts, and Public Laws 781 and 835.

Section 303 of the Lanham Act, as amended, authorized the use of income derived from project operations to pay expenses for project operation and maintenance. It also provided for the establishment of a \$25,000,000 reserve for expenses in connection with the disposition operations of projects constructed with Lanham Act funds. This reserve has been established from the net income from project operations and proceeds of sales of war housing. Of this reserve, \$24,000,000 has been allocated to this program and \$1,000,000 to the homes conversion program.

Project rents are estimated to drop from \$70,516,200 in the current year to \$48,750,000 in 1949; in the same years sales of property are estimated at \$69,096,000 and \$154,352,000, respectively. The Administration states that sales in the current year are much less than estimated, but that good progress has been made in performing the essential steps preliminary to sales, and that acceleration in sales is expected. The decline in direct operating expenses from \$31,000,000 in fiscal year 1948 to \$19,000,000 in fiscal year 1949 is predicated on the assumption that 151,000 permanent and 80,000 temporary units are to be disposed of during the two fiscal years 1948 and 1949.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$3,002,508	\$625,390
Expenses.....	49,684,660	44,686,870
Retirement of borrowings and capital.....	54,398,428	93,841,849
Increase in working capital.....	33,022,804	64,540,691
Total funds applied.....	140,108,400	203,694,800
Funds provided:		
Realization of assets.....	69,269,500	154,598,100
Revenue.....	70,838,900	49,096,700
Total funds provided.....	140,108,400	203,694,800

HOMES-CONVERSION PROGRAM

The homes-conversion program was established under the provisions of the Lanham Act to provide housing for war workers by remodeling existing structures leased by the Government from their owners. Development activities which provided approximately 50,000 units at a cost of \$90,000,000 were largely completed prior to the transfer of this program from the Home Owners' Loan Corporation to the Public Housing Administration.

Section 303 of the Lanham Act, as amended, authorizes the use of operating income to meet all operating expenses and to establish a reserve for disposition. Of the total \$25,000,000 reserve authorized by this section, \$1,000,000 has been allocated to this program. Operating income is adequate to meet operating expenses and to return to the Treasury a portion of the Government's initial outlay.

Public Housing Administration officials stated that, rather than operating the properties for the full 7-year term stated in the leases,

they are canceling the leases whenever a satisfactory settlement can be negotiated with the owners. Thirty percent of the original 8,842 leaseholds had been canceled by December 31, 1947, and the number is expected to drop below 2,000 by the end of the 1949 fiscal year. This will mean that approximately 12,260 accommodations out of the original 50,000 will remain in the hands of the Government on June 30, 1949.

Financial statements show that almost \$16,000,000 will be turned into the Treasury as miscellaneous receipts in the 1948 and 1949 fiscal years from operating and disposition receipts. Experience on properties terminated up to December 31, 1947, showed that net operating revenues plus cancellation proceeds returned almost 44 percent of the capitalized value of the units.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets	\$305,700	\$66,500
Expenses	12,839,140	7,957,900
Retirement of borrowings and capital	8,428,847	7,451,879
Total funds applied	21,573,687	15,476,279
Funds provided:		
Realization of assets	3,842,987	3,630,400
Income	16,440,900	10,015,900
Decrease in working capital	1,289,800	1,829,979
Total funds provided	21,573,687	15,476,279

VETERANS REUSE PROGRAM

Under title V of the Lanham Act, temporary housing has been provided for veterans and servicemen by the relocation or conversion of federally owned surplus structures, such as temporary war housing, barracks, and Quonset huts. On completion of construction title to the housing is transferred to the sponsoring local bodies, chiefly local governments and educational institutions, under contracts providing that net operating income will be returned to the Government as a partial repayment of development costs.

Appropriated funds totaling approximately \$439,000,000, transferred to the Public Housing Administration prior to June 30, 1947, provided some 173,000 accommodations. An additional 35.5 million dollars was appropriated on July 29, 1947, to complete 8,500 additional accommodations which had been suspended. The budget as submitted estimated that \$32,843,029 of this last appropriation would be required for completion of the program; actual requirements have already proven to be substantially less than this figure, however, and in addition \$3,000,000 is available to be returned from the earlier appropriations. Consequently provision is made in the bill for recission of \$7,650,000 of such funds.

While actual construction work, with the exception of one project, should be completed by June 30, a considerable volume of paper work such as liquidation of final vouchers and processing of contractors' construction claims, will carry over into the 1949 fiscal year. Final costs cannot be established until such work is completed. After

final payments for construction (shown as acquisition of assets in the statement below) are completed, Public Housing Administration expenses for supervising the operation of the program will be comparatively low and an average of \$13,000,000 or \$14,000,000 a year turned into the Treasury. High maintenance costs due to the type of construction, and comparatively low rents charged to the veterans by the local bodies, will keep net rentals at a low figure in comparison with the development costs of the projects.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$108,232,767	\$7,883,840
Expenses.....	801,700	1,283,900
Retirement of borrowings and capital.....		9,796,851
Total funds applied.....	109,037,467	18,964,591
Funds provided:		
Income.....	14,265,600	15,958,600
Appropriations.....	32,843,029	
Decrease in working capital.....	61,928,838	3,005,991
Total funds provided.....	109,037,467	18,964,591

UNITED STATES HOUSING ACT PROGRAM

The United States Housing Authority was created by the United States Housing Act of 1937 to aid in the provision of low-rent housing for families of low income who cannot otherwise afford decent, safe, and sanitary dwellings. For this purpose the act authorized loans to local housing agencies to aid in financing slum clearance and development of low-rent housing projects and limited annual contributions toward the operation of the projects.

An amendment added by Public Law 671 in 1940 made the unused portion of the authorization available for the construction of permanent housing to be used for the duration of the war for housing war workers and to be returned after the war to low-rent use with the approval of the President. Practically all of these projects have now received approval for conversion to low-rent use.

Another amendment made by Public Law 301, approved July 1, 1947, permits development of projects where construction costs exceed cost limitations of the basic act upon condition that local housing authorities pay the difference between the statutory cost limitations and actual construction costs.

In addition to the locally owned projects there are a smaller number of federally owned projects in the program. These include (a) projects developed by the Public Works Administration Housing Division and subsequently transferred under the provisions of the United States Housing Act; (b) projects constructed in Ohio under Public Law 412 and acquired as a result of a decision of the Ohio Supreme Court which denied tax exemption and thus eliminated the local contributions required in the United States Housing Act; and (c) projects directly constructed by the Federal Government during the war under the terms of Public Law 671. These federally owned projects are not eligible for annual contributions.

The United States Housing Authority was created as a corporation with \$1,000,000 in capital stock subscribed by the Treasury. The United States Housing Act as amended provides a borrowing and lending power amounting to \$800,000,000, and limits the total annual contributions for which the Authority may contract to a maximum of \$28,000,000 per year.

As of June 30, 1947, the Administration had a balance outstanding of \$347,000,000 in notes payable to the United States Treasury. Outstanding long-term loans receivable from local housing authorities amounted to \$276,653,258 and short-term advance notes to \$2,433,258. An amount of \$42,263,459 had been used for direct PHA construction of war housing projects under Public Law 671. From private sources local housing authorities had obtained \$374,941,500.

The \$800,000,000 loan authorization is not a revolving fund, and at present both this authorization and the \$28,000,000 authorization for annual contributions are fully committed with respect to existing or deferred projects. The program cannot be expanded, accordingly, without further legislation.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$16,726,000	\$61,501,000
Expenses.....	12,653,575	15,894,125
Increase in working capital.....		532,895
Total funds applied.....	29,379,575	77,928,020
Funds provided:		
Realization of assets.....	5,412,700	38,183,960
Income.....	12,025,700	11,544,060
Borrowings and appropriations.....	9,000,000	28,200,000
Decrease in working capital.....	2,941,175	
Total funds provided.....	29,379,575	77,928,020

The Public Housing Administration plans to proceed with permanent financing of Public Law 671 projects, which have been carried by short-term loans since their completion during the war period. Although it is anticipated that most of the bonds sold by local housing authorities will be taken up by private investors, the PHA expects to purchase \$12,000,000 in B bonds in 1948 and \$32,000,000 in 1949. Such investments will be partially offset by refunding of Public Law 412 project bonds to obtain a higher percentage of private participation and consequent lower Federal holdings. The PHA expects such refundings to reduce its present holdings of B bonds on these projects by over \$2,000,000 in the current year and \$19,000,000 in 1949. The balance of funds required will be obtained by borrowings from the United States Treasury.

Low-rent projects owned by local housing authorities have three sources of income: (a) Operating income, (b) a contribution by the local community in the form of partial or full tax exemption, and (c) a Federal annual contribution where required. Within the maximum provided by the United States Housing Act, the Federal annual contribution actually paid equals the operating deficit of the project after giving effect to the local subsidy in the form of tax remissions or

exemptions. Total expenses include amounts reserved for repairs, maintenance, and replacements and for other purposes and in its report last year the committee pointed out that these reserves were much too large and were resulting in excessive annual contributions by the Federal Government.

PHA officials reported that as a result of the committee's criticisms the reserve policies were restudied and revised. The new policies will have the effect of reducing outstanding reserves (estimated at about \$37,500,000) over a 5-year period by over 40 percent, and substantially reducing annual contributions which would have been payable on the old basis. The reduction in annual contributions will not make itself felt until the fiscal year 1950.

In comparison with the \$4,000,000 appropriated for annual contributions in the 1948 fiscal year, the PHA is requesting an appropriation of \$6,200,000 for 1949 fiscal year. The increase of \$2,200,000 is itemized approximately as follows:

(1) Decrease in operating income as ineligible tenants are removed and low-income families substituted-----	\$540, 000
(2) An increase in debt service due to permanent financing of Public Law 671 projects-----	300, 000
(3) An increase predicated on request for eliminating the proviso in the 1948 appropriation act which forbids payments in lieu of taxes in excess of original contract provisions-----	1, 360, 000

In explanation of the proposed increase of \$1,360,000 for payments in lieu of taxes PHA recommended that it be permitted to resume making such payments on the basis of 10 percent of shelter rent instead of the limitation appearing in the Government Corporation Appropriation Act of 1948 limiting such payments to the amounts provided in the original contracts in each case. PHA submitted an extensive argument in support of this recommendation, emphasizing primarily the view that the municipalities were required under the limitation to make proportionate contributions clearly in excess of those contemplated in the United States Housing Act.

Representatives of the Municipal Finance Officers' Association of the United States and Canada also appeared before the committee and presented statements urging revision of the provision adopted last year with respect to such payments in lieu of taxes.

The committee has carefully reviewed this matter and the contention of interested parties. The legality of these voluntary payments, which directly influence the amount of Federal contributions, outweighs other considerations, in the opinion of the committee. Since such legality is highly doubtful, it is recommended that the same provision carried in the act for 1948 be continued in the bill for 1949.

The amount recommended for appropriation for contributions to maintain the low-rent character of the low-rent housing projects is thus \$4,840,000, and does not include the amount of \$1,360,000 which would be predicated upon the elimination of the provision under reference.

DEFENSE HOMES CORPORATION

Defense Homes Corporation was incorporated under laws of the State of Maryland on October 23, 1940, by direction of the President, to provide permanent housing accommodations for use by defense workers and to be sold subsequently at prevailing market prices. The capital stock of \$10,000,000 came from appropriations under the

Lanham Act, and the remainder of the development costs were borrowed from the Reconstruction Finance Corporation. As of June 30, 1947, Defense Homes Corporation owed \$42,830,416 to the Reconstruction Finance Corporation. Officials of the Public Housing Administration stated that all property, with the possible exception of two dormitories in the District of Columbia, will be disposed of prior to June 30, 1948. Sales prices have exceeded depreciated book values and the financial statements presented show an anticipated retirement of capital stock and payment of liquidating dividends from surplus.

Sales of some of the larger housing units of the corporation were not made for cash, but on the basis of the corporation receiving a relatively small cash payment and long-term notes collateralized by mortgages. Thus, actual proceeds from sales of these properties are not likely to be realized for many years.

The Housing and Home Finance Agency has requested the Reconstruction Finance Corporation to consider cancellation of notes of the Defense Homes Corporation in return for cash and notes owned by Defense Homes Corporation, and to furnish a release to Defense Homes Corporation in order that it might be promptly liquidated. It has also been suggested that the committee recommend enactment of a provision to effectuate this proposal. The committee is unable to assume that the notes received by Defense Homes Corporation in the sale of its properties can be liquidated at face value. The only manner in which their true worth can be determined would appear to be (1) to offer them for sale in the open market, or (2) to hold them to maturity. Since Reconstruction Finance Corporation has large sums due it from Defense Homes Corporation, the only realistic approach the committee can recommend with respect to liquidation of Defense Homes Corporation is to transfer all of the capital stock, assets and liabilities of Defense Homes Corporation to Reconstruction Finance Corporation. Provision to this end has been made in the bill. If the Reconstruction Finance Corporation determines that the notes of Defense Homes Corporation cannot be sold advantageously to the Government, adequate reserves to present a realistic evaluation of such notes should be set up against them. If these notes are to be held for an extended period of time for collection by Reconstruction Finance Corporation, it should exercise all possible diligence to see that the interest of the United States is adequately protected, including proper management, maintenance and repair of the underlying properties.

SUBSISTENCE HOMESTEADS AND GREENBELT TOWNS PROGRAM

The Subsistence Homesteads and Greenbelt towns program, originally consisting of assets representing \$62,214,291, is carried on under the terms of the Bankhead-Black Act of 1936, which provided that operating income may be used for operation and maintenance expenses. These projects were developed by the Resettlement Administration and transferred to the Public Housing Administration by Executive Order 9070 of February 24, 1942.

As of June 30, 1947, the subsistence homesteads part of the program consisted of 383 units under direct management and 228 under lease and purchase contracts, remaining of some 2,000 units originally transferred to PHA. By assisting present tenants in the refinancing of lease and purchase contracts, and selling those under direct man-

agement for cash, the PHA expects to dispose of all of these units before June 30, 1949.

Congress has previously authorized the use of operating revenues for preparatory expenses in connection with the disposition of the Greenbelt towns. Authorization to use an additional \$40,000 for this purpose in fiscal 1949 has been requested, and approved by the committee. The PHA believes that because of the nature of these projects they can be sold most advantageously if a single purchaser can be found for each development. It was reported to the committee that certain large investors such as insurance companies are interested, and that the preparation of a brochure presenting all of the data needed is the final step before requesting bids.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Expenses.....	\$1,496,650	\$1,305,710
Retirement of borrowings and capital.....	3,857,141	3,196,203
Total funds applied.....	5,353,791	4,501,913
Funds provided:		
Realization of assets.....	3,495,297	1,329,896
Income.....	1,579,360	1,444,930
Decreases in working capital.....	279,134	1,727,087
Total funds provided.....	5,353,791	4,501,913

The committee expects the Public Housing Administration to make every effort to complete the disposition of these properties during the fiscal year 1949. But in disposing of these properties, leases and purchase contracts should not be financed directly with Federal funds on any long-term basis, but should be financed with private capital exclusively. This would not preclude extension of mortgage insurance by the Federal Housing Administration.

In connection with these programs, certain blanket monopoly leases on all commercial space in entire areas have been entered into. This highly objectionable practice stifles competition to the detriment of small business enterprise. The Public Housing Administration should take full advantage of any provision of law and relevant contracts and terminate such blanket monopoly leases, and should in no event renew or extend such leases. Such a policy would not prohibit, for example, an exclusive lease with one party for the operation of a theater or a specific type of store in a given area, but it would eliminate the over-all exclusive monopolies with respect to all commercial space.

THE FARM CREDIT SYSTEM

The participation of the Federal Government in the agricultural credit structure of the country is carried out through a complicated system of agencies. The following summary statement is presented to indicate the functions of the component parts of the structure and their relationship to the other parts of the system.

ORGANIZATION AND FUNCTIONS

The farm-credit system is comprised of the Farm Credit Administration, a nonincorporated governmental supervisory agency, and 51 corporations. For operating purposes, the Nation is divided into 12 farm-credit districts, one of which includes Puerto Rico. At each district office there are 4 corporations—a Federal land bank, a Federal intermediate credit bank, a production-credit corporation, and a bank for cooperatives—48 corporations in all. The other three corporations are located in Washington, D. C. They are the Federal Farm Mortgage Corporation (the land banks act as agents for Federal Farm Mortgage Corporation), the Regional Agricultural Credit Corporation, and the Central Bank for Cooperatives. The functions of these institutions are:

Farm Credit Administration.—Supervises, examines, services, and coordinates the 51 corporations; supervises and examines the joint stock land banks (privately capitalized—5 remained at June 30, 1947, of which 4 had adopted plans for liquidation), organized under the Federal Farm Loan Act, approved July 17, 1916 (39 Stat. 360); administers the Agricultural Marketing Act, approved June 15, 1929 (46 Stat. 11), and the Cooperative Marketing Act of 1926 (44 Stat. 802). The Farm Credit Administration was established as an independent agency by Executive Order 6084, dated March 27, 1933, and was transferred to the Department of Agriculture effective July 1, 1939, pursuant to section 401 of the First Plan on Government Reorganization of April 25, 1939.

Federal land banks.—The 12 land banks, organized in 1917 under the Federal Farm Loan Act approved July 17, 1916 (39 Stat. 360), provide long-term first-mortgage farm loans. They operate principally through 1,262 cooperative associations, known as national farm-loan associations, owned by the borrowers.

Federal intermediate credit banks.—The 12 intermediate credit banks, established in 1923 under the Agricultural Credits Act of 1923 (42 Stat. 1454), discount short-term agricultural and livestock loans for and make loans to production-credit associations, banks for cooperatives, and other financing institutions.

Production credit corporations.—These 12 corporations, established in 1933 under the Farm Credit Act of 1933 (48 Stat. 257), supervise and in part capitalize the local production-credit associations which make short-term production loans to farmers and stockmen. There are 504 such associations, 31 of which are entirely owned by the members.

Banks for cooperatives.—The Central Bank for Cooperatives and the 12 district banks, established pursuant to the Farm Credit Act of 1933 (48 Stat. 257), extend short-term and long-term credit to cooperative associations dealing in farm products, farm supplies, or farm business services.

Federal Farm Mortgage Corporation.—Established under the Federal Farm Mortgage Corporation Act, approved January 31, 1934 (48 Stat. 344), to provide first-mortgage loans not eligible for the land banks and second-mortgage loans as provided by section 32 of the Emergency Farm Mortgage Act of 1933 (48 Stat. 48), to assist the land banks financially during periods of emergency, and to make loans to joint-stock land banks. Authority to make mortgage loans ceased on July 1, 1947.

Regional agricultural credit corporations.—Established under the Emergency Relief and Construction Act of 1932 (47 Stat. 713) for the purpose of supplying short-term production credit. They were placed in liquidation in 1934, following establishment of the production-credit system, and by February 1, 1944, the 12 corporations had been consolidated into 1—the Regional Agricultural Credit Corporation of Washington, D. C. Since 1941 loaning activities have been undertaken intermittently in restricted areas to meet emergencies only.

CONTROL OF MIXED-OWNERSHIP CORPORATIONS

The Federal land banks and the banks for cooperatives are designated by the Government Corporation Control Act as mixed-ownership corporations. Therefore, they are not required to submit budgets for the review and approval of the Congress. The Control Act also removes the control exercised by the Congress through audit by the Comptroller General of the United States, during periods when no Government capital is employed. Eleven of the land banks had retired the Government capital prior to the beginning of fiscal year 1947, and the twelfth (St. Paul) retired its Government capital in June 1947.

Although the land banks are now entirely privately owned, the Government is by no means freed of responsibility for their financial welfare. There is a revolving fund in the amount of \$314,000,000 in the United States Treasury to supply capital to the land banks upon their call, approved by the Governor of FCA, and the Federal Farm Mortgage Corporation has authority to use up to \$2,200,000,000 to support the land banks. Also, the Government has a definite moral obligation to the investing public arising out of its support of the land banks in times of economic stress and the close connection, in the eyes of the public, between the Government and the banks.

Under such circumstances, this committee is strongly of the opinion that the Government Corporation Control Act should be amended to require the audit of the Comptroller General, whether or not the Government's direct investment of capital has been returned. It is urged that such action be taken in time to provide an audit of the land banks for the fiscal year 1948.

SUBSIDIES

The Government subsidizes the farm-credit system in various ways which are not clearly disclosed in the financial statements of the participating agencies. The amounts are substantial, but some cannot be accurately determined. The principal subsidy arises out of the supplying of large sums of free capital. The land banks, for example, had \$9,000,000 such capital when they were first established in 1917, which later was increased to a maximum of \$314,000,000. The Government has received no return to compensate for the interest paid by the United States Treasury (out of funds supplied by the taxpayers) on the public debt incurred to supply such capital. Furthermore, the entire earnings of the land banks (nearly \$130,000,000 at June 30, 1946) became the property of private interests, although to a very considerable extent earned directly or indirectly from the use of free Government capital. One of the results of this situation is illustrated by the fact that in 1946 one of the land banks paid a 20-percent dividend to its stockholders.

Typically, in the farm-credit system, the corporations receive free capital in excess of their needs. The excess is invested in United States Treasury bonds, the interest on which is another form of subsidy, paid by the Treasury as interest on the public debt. The banks for cooperatives, for example, had \$178,500,000 free Government capital at June 30, 1946, and over \$54,000,000 invested in United States Treasury bonds and certificates. Approximately two-thirds of the accumulated earnings of these banks to June 30, 1946, came from such investments and from profits realized through trading in United States Treasury securities on the open market. The production-credit corporations, although they have no lending powers, held at June 30, 1946, \$101,250,000 free Government capital and held nearly \$70,000,000 in long-term United States Treasury bonds. These corporations receive almost all of their gross income, out of which they pay their expenses and to June 30, 1946, had accumulated over 15½ million dollars surplus earnings, from this form of subsidy. Furthermore, this subsidy, as well as the free-capital subsidy, is extended through the corporations to the production-credit associations which are now or are intended to become wholly privately owned.

If an interest cost of 2 percent per annum is assumed, the subsidy represented by free capital supplied in 1946 would approximate \$3,150,000 for the banks for cooperatives and \$2,000,000 for the production-credit corporations. The subsidy represented by interest on investments of excess free Government capital in United States Treasury bonds, including profits from trading in such securities, was nearly \$1,250,000 and over \$4,350,000, respectively.

The United States Treasury bonds held as investments are also used by the lending agencies as collateral for loans from commercial banks or public issues of debentures, thereby favorably affecting the cost of funds from those sources.

Another important subsidy is the contributions, or liability therefor, made by the Government to the civil-service retirement and disability fund with respect to the employees of the FCA and the 51 corporations supervised by it. As to the land banks, now privately owned, it has been estimated, based on 1946 pay rolls, that this cost is approximately \$600,000 annually.

The Government also pays the employees' compensation claims, and other costs, such as postage, office space, legal services, etc., are incurred for the benefit of the farm-credit system for which the Government receives no reimbursement.

The committee does not seek to pass judgment on the questions of whether or to what extent the Government should participate in the farm-credit structure and activities of the country. However, it is of the opinion that the expense to the Government of its participation in all fields of endeavor should be fully realized by the Congress and the people. The consequences of failing to take cognizance of all of the expenses to the taxpayers of any program are to place in jeopardy the lifeblood of the country, its financial and fiscal well-being. Therefore, the committee is of the opinion that the Congress should require the farm-credit system to pay for all costs incurred by the Government for the benefit of the system. Only in this way will the actual costs of operating the system be disclosed, thereby showing whether interest rates charged borrowers are economically

sound and informing the Congress as to the actual cost, if any, incurred by the Government in order to supply agricultural interests with a credit system. Legislation is needed to accomplish this purpose.

DEPARTMENT OF AGRICULTURE

FEDERAL FARM MORTGAGE CORPORATION

Economic conditions in the spring of 1933 were such that the demand for farm mortgage credit far exceeded the funds available. To provide additional farm mortgage credit, Congress passed the Emergency Farm Mortgage Act of 1933, effective May 12, 1933. Section 32 directed the Reconstruction Finance Corporation to make available to the Land Bank Commissioner the sum of \$200,000,000 for the purpose of making loans to farmers on the security of a first or second lien on real or personal property in an amount which, together with prior encumbrances might not exceed 75 percent of the appraised normal value of the property.

With the progress of the lending program of the Commissioner under section 32 of the Emergency Farm Mortgage Act of 1933, and of the Federal land banks for their own account, it became apparent that the fund made available to the Commissioner would not be sufficient to meet demands upon it. To meet this situation, the Federal Farm Mortgage Corporation was created pursuant to the act of January 31, 1934 (48 Stat. 344) and began operations almost immediately. The Corporation is authorized to have succession until dissolved by act of Congress.

The Corporation was created for the following purposes: (1) To provide funds for the making of loans to farmers by the Land Bank Commissioner, pursuant to the provisions of section 32 of the Emergency Farm Mortgage Act of 1933, (2) to make funds available to the Federal land banks to assist them in their financing during periods of emergency, and (3) to make loans to joint-stock land banks. To accomplish these purposes the act chartering the Corporation authorized it, with the approval of the Secretary of the Treasury, to issue and have outstanding at one any time bonds in an aggregate amount not exceeding \$2,000,000,000, such bonds to be fully and unconditionally guaranteed both as to interest and principal by the United States.

The lending powers of the Land Bank Commissioner (Federal Farm Mortgage Corporation) expired July 1, 1947. Therefore, the principal activity of the Corporation in 1949 should be confined to servicing and collecting its outstanding loans.

The earned surplus of the Corporation as of July 1, 1948, is estimated to be \$108,846,357. Unnecessary cash funds on hand should amount to \$45,000,000 on the same date. It is estimated that \$25,000,000 will be received from repayments of loaned capital, and its interest and other income should approximate \$4,000,000 in 1949.

The budget program of the Corporation provides tentatively for declaration of cash dividends in amount of \$68,000,000 to the Treasury in 1949. Provision requiring such dividend to be made has been incorporated in the bill, and the committee expects a payment of not less than \$40,000,000 to be made immediately after July 1, 1948.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimated, 1948	Estimated, 1949
Funds applied:		
Acquisition of assets.....	\$1,596,400	\$113,700
Expenses.....	2,870,700	¹ 2,206,700
Retirement of borrowings and capital.....	22,490,000	500,000
Dividend payment to U. S. Treasury.....		68,000,000
Increase in working capital.....	19,168,300	
Total funds applied.....	46,125,400	70,820,400
Funds provided:		
Realization of assets.....	40,323,600	25,188,700
Income.....	5,801,800	4,008,300
Decrease in working capital.....		41,623,400
Total funds provided.....	46,125,400	70,820,400

¹ Includes administrative expenses estimated at \$2,160,700, and reduced by committee to \$2,000,000.

The budget proposes that the aggregate amount of bonds the Corporation may issue and have outstanding at any one time be reduced to \$1,000,000,000. There are no bonds outstanding at the present time which have not been called, although there are a few bonds in the hands of the public which have been called but not presented for payment. The only necessity for authority to have bonds outstanding is that of providing a cushion for refinancing outstanding Consolidated Land Bank bonds. The total amount of such bonds outstanding at the present time is \$686,432,000, which bonds are callable in 1948, 1950, 1951, and 1953; the largest amount callable at any one time is \$230,000,000 (in the fifth month of the year 1950). The amount of bonds necessary to be issued and outstanding at any one time by the Federal Farm Mortgage Corporation thus could not exceed \$230,000,000, and the committee can see no justification whatever in this Corporation's having authority to issue and have outstanding up to \$1,000,000,000 in bonds. It should be noted that, apart from authority to issue bonds, it has available a capital stock revolving fund of \$200,000,000 under the provisions of Public Law 505, Seventy-ninth Congress, second session. Therefore, provision is made in the bill for reducing the amount of bonds the Corporation may issue and have outstanding at any one time to \$500,000,000. The administrative expenses of the Corporation for 1949 are estimated in the budget at \$2,160,700. This estimate has been reduced by the committee in the bill to \$2,000,000, which, in view of the fact that the only activities of the Corporation in 1949 relate to liquidating and servicing outstanding loans, is adequate.

In the course of its review of the budget of the Corporation, the committee discovered a transaction which it found to be extremely unpalatable.

In June 1947, the St. Paul land bank returned the Government's investment of \$76,882,258 to the revolving fund in the United States Treasury, thus completing the withdrawal of Government capital from the land banks. This repayment was partly accomplished by a loan from the Federal Farm Mortgage Corporation, a wholly owned Government corporation, in the amount of \$21,000,000 with interest at 1 percent per annum. The funds for this loan were obtained from the United States Treasury at an interest rate of 1 percent, which was

below the then current average rate of 1.77 for Treasury borrowings. The net effects were: (1) The Government continues to supply \$21,000,000 capital to the land bank, (2) the Government receives 1 percent per annum interest on the capital, (3) the Congress has lost audit control over the land bank. Regardless of the legality of this transaction, the bank has escaped a control intended to protect the Government's investment without actually having returned the investment. Furthermore, the bank under the new situation pays the Government 1-percent return on its investment, notwithstanding the provision of law that prohibits dividends on Government capital supplied to the land banks.

At June 30, 1947, after repayment of the Government capital, the St. Paul bank had capital and surplus of only \$22,700,000. In order to return the Government capital, the bank, in addition to the loan from Federal Farm Mortgage Corporation, borrowed \$19,000,000 from commercial banks at an interest rate of $1\frac{1}{8}$ percent, and disposed of investments in United States Treasury bonds in the amount of approximately \$37,000,000. The disposal of United States Treasury bonds and return of the proceeds to the Treasury in reduction of capital is commendable. However, the interest cost on borrowings described above amounts to \$423,750 per annum—a seemingly high price to pay for the tangible benefits, if any, received. On the whole, the transaction has the earmarks of a subterfuge designed to create the impression that the bank has repaid all Government capital and thereby attained complete private ownership in the bank, whereas, in fact, the Government still had \$21,000,000 invested. This action by the St. Paul Land Bank and sanction thereof by the Governor of the Farm Credit Administration is deserving of the highest censure.

FEDERAL INTERMEDIATE CREDIT BANKS

The 12 Federal intermediate credit banks were organized pursuant to the Agricultural Credits Act of 1923. Their term of existence is not limited. They are agricultural banks of discount and are not authorized to make loans to individuals. Their loans and discounts must be for agricultural purposes and have a maturity, at the time they are made and discounted, of not more than 3 years.

The banks provide a permanent source of credit for local lending institutions to supply agriculture with the types of credit needed at reasonable rates of interest and with maturities adapted to the normal liquidating seasons of the industry. They are not authorized to accept deposits of funds otherwise than as collateral security.

To accomplish these purposes the banks issue and sell, pursuant to law, consolidated debentures which are not guaranteed by the United States either as to principal or interest. The sales of these debentures to the investing public, including large banking institutions in the financial centers, provide funds at rates comparable to those on the highest class of securities sold on the investment markets, other than governments, with the result that the farmers using the system are assured of credit on a sound basis adapted specifically to their needs at wholesale rates plus the cost of operating the lending system, including the maintenance of reasonable and necessary reserves.

Each intermediate credit bank operates under the direction of a district farm-credit board of seven members, who are ex officio the directors of the Federal intermediate credit bank, Federal land bank, district banks for cooperatives, and production credit corporation serving the district.

The total capital of the 12 banks, \$60,000,000, was subscribed by the Secretary of the Treasury and the capital and unimpaired surpluses on June 30, 1947, totaled \$93,377,676. It is expected that this figure will reach \$95,161,552 by June 30, 1949.

During the year ended June 30, 1947, the banks made loans and discounted paper amounting to \$1,140,071,351 and received repayments of \$1,084,259,215. For 1948, lending activities are estimated at \$1,171,676,000 with repayments of \$1,134,696,281, and for 1949 at \$1,251,391,000, with repayments of \$1,216,903,300.

As of June 30, 1947, the banks had outstanding unmatured debentures and notes amounting to \$356,860,000, and it is anticipated that these obligations will total \$438,294,000 by June 30, 1949.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets	\$1, 175, 676, 000	\$1, 254, 891, 000
Expenses	6, 039, 500	7, 160, 700
Retirement of borrowings and distribution of surplus	695, 614, 300	809, 193, 000
Increase in working capital	3, 668, 957	
Total funds applied	1, 880, 988, 757	2, 071, 244, 700
Funds provided:		
Realization of assets	1, 138, 696, 281	1, 219, 903, 300
Income	7, 240, 476	8, 052, 400
Borrowings	735, 062, 000	841, 868, 000
Decrease in working capital		1, 421, 000
Total funds provided	1, 880, 998, 757	2, 071, 244, 700

¹ Includes administrative expenses estimated at \$1,647,800, and reduced by committee to \$1,600,000.

Administrative expenses are estimated in the budget for 1949 at \$1,647,800, which has been reduced by the committee to \$1,600,000. Such expenses in fiscal year 1947 amounted to \$1,585,000. In 1948 a limitation of \$1,250,000 was provided and a supplemental estimate of \$107,500 for 1948 has been approved and provided for in the bill.

Officials of the Farm Credit Administration testified they are exploring the possibility of having the intermediate credit banks converted to the ownership of those who use the banks. The committee would encourage such a move, provided the conversion were complete and without recourse to the Federal Treasury.

PRODUCTION CREDIT CORPORATIONS

The 12 production credit corporations were chartered in 1933 by the Governor of the Farm Credit Administration pursuant to the Farm Credit Act of 1933. These corporations each serve one farm-credit district.

In each district the farm-credit board elected or appointed as prescribed by law serves as the board of directors of the corporation. The principal functions of these corporations are to organize, partially capitalize, and supervise local cooperative production credit associations. The active associations, of which there were 504 on June 30, 1947, together with the 12 corporations operating under the supervision of the Farm Credit Administration constitute a permanent

system for making short-term agricultural loans to farmers and stockmen in all parts of the country and Puerto Rico.

The initial capital stock of each corporation was provided in the sum of \$7,500,000 to be subscribed by the Governor and held by him on behalf of the United States. Payment for capital stock was made from a revolving fund of \$120,000,000 provided for the purpose.

Additions to the initial capital stock were made by the Governor until March 1935 when the full \$120,000,000 had been subscribed and subscriptions in that sum were maintained for most of the period from that time to March 1944. During that period a general redistribution of capital stock was made on three occasions while transfers affecting several corporations were made on two other occasions.

The capital of the corporations and most of their surplus is invested in class A stock of production credit associations and in United States Treasury bonds. The income from the corporations' investments is used to pay expenses and to build reserves.

On June 30, 1947, the surplus of the corporations aggregated \$16,126,978, or 17.4 percent of their paid-in capital.

Retirements of the capital stock of the corporations were made in the sum of \$6,700,000 in April 1945, \$7,050,000 in May 1946, and \$8,600,000 in the fiscal year 1947. On June 30, 1947, the aggregate paid-in capital of the corporations was \$92,650,000.

The corporations have no specific borrowing authority and have never had occasion to resort to borrowed funds. Each of the corporations is a separate entity and operates within its own financial structure, but with Government capital.

Because of the anticipated continued improvement in the financial condition of the production credit associations through 1949, it is estimated in the budget for 1949 that associations will retire class A stock owned by the corporations in an amount sufficient to enable the corporations to reduce their capital stock owned by the Government from \$85,525,000 to \$79,250,000 and thereby return \$6,275,000 to the Treasury of the United States.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$12,396,600	\$12,544,100
Expenses.....	1,600,000	1,602,600
Retirement of capital.....	7,125,000	6,275,000
Total funds applied.....	21,121,600	20,421,700
Funds provided:		
Realization of assets.....	19,148,700	18,667,500
Income.....	1,750,000	1,715,900
Decrease in working capital.....	222,900	38,300
Total funds provided.....	21,121,600	20,421,700

¹ Includes administrative expenses estimated at \$1,602,600, and reduced by committee to \$1,000,000.

The budget estimate of administrative expenses for these corporations in 1949 amounts to \$1,602,600, which has been reduced by the committee to \$1,000,000. In the foregoing condensed statement of sources and application of funds for 1949 the item of \$12,544,100 "acquisition of assets" includes \$370,000 for investment in class A

stock of production credit associations, \$5,886,000 (at par value) for the purchase of United States bonds, \$238,100 for premiums to be paid on the purchase of securities, and \$6,050,000 (at par value) for repurchase of securities from production credit associations. Of the item "realization of assets," \$18,667,500 for 1949, \$6,120,000 represents retirement of class A stock investment in production credit associations, \$5,911,000 represents par value of United States bonds to be sold in the open market, \$374,500 represents estimated profit on securities to be sold in the open market, and \$6,262,000 is the estimated par value of securities to be sold to production credit associations under repurchase agreements.

Thus, it can be seen that these wholly owned governmental agencies are trading in Government bonds in a manner indicative of speculation.

The United States Government at present has invested in production credit corporations approximately \$85,000,000, and the corporations in turn have approximately \$65,000,000 invested in the bonds of the United States. The unreserved earned surplus of the corporations at the present time approximates \$16,000,000. The production credit corporations supervise the production credit associations, supply services to them, and supply them with Government capital, all without compensation, except as the associations see fit to pay dividends on the Government capital and except for costs of examination. Such dividends through June 30, 1946, aggregated only \$531,329, and in 1947 were \$28,350 on an average investment during the year of approximately \$44,000,000, a return of slightly over six one-hundredths of 1 percent. The Solicitor of the Department of Agriculture is of the opinion that the expenses of the production credit corporations for cost of services furnished to associations cannot be charged or assessed to the associations, but that the associations are not prohibited to pay such costs voluntarily. Some associations may require aid for the payment of costs of services furnished them, but the Government should realize a net recovery of its costs with respect to the associations that are financially able to pay a part or all of such costs, and the limitation in the bill should not be considered as a prohibition against the PCC's performing services for PCA's on a reimbursable basis.

The committee is of the opinion that the corporations should liquidate \$60,000,000 of their investment in United States Treasury bonds and return the proceeds to the Treasury. The budget program for 1949 does not anticipate the use of these funds, and the committee can see no justification for taking money out of one pocket of the Federal Government and putting it into another, in order to show a net income for the operations of the Production Credit Corporations. Provision has been made in the bill to effectuate this recommendation.

REGIONAL AGRICULTURAL CREDIT CORPORATION

The Reconstruction Finance Corporation was authorized by the Emergency Relief and Construction Act of 1932 to establish a Regional Agricultural Credit Corporation in each of the Federal land-bank districts to make loans to farmers and stockmen for agricultural purposes.

These corporations were supervised and controlled by the Reconstruction Finance Corporation until May 27, 1933, when such supervision and control was transferred to the Farm Credit Administration.

As a result of the creation of the production credit system and the reestablishment of lending by commercial banks it became apparent that in some land-bank districts the lending activities of these corporations could be curtailed and in some instances discontinued without detriment to the farmers. Accordingly, by a series of mergers authorized by the Farm Credit Act of 1937 these corporations were merged into the Regional Agricultural Credit Corporation of Washington, D. C., the mergers having been completed by January 31, 1944.

The Corporation is authorized to make loans and advances to farmers and stockmen, the proceeds of which are to be used for agricultural purposes (including crop production) or for raising, breeding, fattening, or marketing of livestock (12 U. S. C. 1148). The Department of Agriculture Appropriation Act, 1944, restricted the operations of the Corporation by terminating its active lending operations under the Secretary of Agriculture's food-production program after June 30, 1943, except for commitments already outstanding and further loans and advances to aid in the collection of outstanding loans and advances. This act and similar acts for subsequent years permit the Secretary to authorize and direct the Corporation to make loans to finance the production of specified crops and livestock in specific areas or regions in which the Secretary shall have found that such loans for specified agricultural purposes and for limited time periods are necessary because of economic emergencies or production disasters. Any such loan applications must be accompanied by a certificate of refusal of the loan or advance by a local bank or the production credit association serving the area.

The Corporation is not now engaged in any lending program and, therefore, its activity in 1949 will be restricted principally to servicing and collecting its outstanding loans.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$50,000	\$10,000
Expenses.....	155,100	¹ 46,900
Return of paid-in surplus to U. S. Treasury.....	12,500,000	0
Increase in working capital.....	0	171,300
Total funds applied.....	12,705,100	228,200
Funds provided:		
Realization of assets.....	418,157	199,000
Income.....	51,000	29,200
Decrease in working capital.....	12,235,943	0
Total funds provided.....	12,705,100	228,200

¹ Includes administrative expenses estimated at \$46,800.

Administrative expenses for the fiscal year 1949 are approved by the committee in the amount of \$46,800, as estimated in the budget. A supplemental estimate relating to the administrative expenses for the fiscal year 1948 which would authorize an increase in the amount available for payment to the Farm Credit Administration for supervisory or other services in the amount of \$12,000, is recommended for approval, and appropriate provision therefor has been included in the

bill. The corporation has access to a revolving fund in the Treasury for investment in Regional Agricultural Credit Corporations. The current limitation on such fund of \$44,400,000 has been reduced by the committee to \$25,000,000 by provision in the bill.

FARM CREDIT ADMINISTRATION, CENTRAL OFFICE

The Farm Credit Administration is for the most part a supervisory and regulatory agency charged with the responsibility of administering and coordinating a national program of agricultural credit pursuant to Executive Order 6084, dated March 27, 1933, issued pursuant to the Legislative Appropriation Act of 1933, approved June 30, 1932, as amended, and the authority subsequently vested in the Administration. The job of the credit institutions operating under the supervision of the Farm Credit Administration is to provide a source of credit where farmers, ranchers, and their cooperative associations can obtain the credit on terms best suited to their individual requirements. In addition to the lending programs under its supervision, the Administration provides research and service facilities to farmer cooperative associations pursuant to the Cooperative Marketing Act of 1926 (44 Stat. 802).

This appropriation item provides for the general administrative expenses of the Farm Credit Administration in discharging its responsibilities for supervision, coordination, and examination of the banks and corporations under its jurisdiction, the liquidation of the agricultural marketing revolving fund, and the extension of services to cooperative associations of agricultural producers. The present agricultural lending program under the supervision of the Farm Credit Administration is carried forward through corporations operating in the 12 farm credit districts into which the continental United States is divided.

The budget requested an appropriation from the Treasury in amount of \$531,000 for salaries and expenses of the central office of the Farm Credit Administration in 1949. The committee has approved \$500,000; a reduction of \$31,000 below the estimate.

RECONSTRUCTION FINANCE CORPORATION

The Reconstruction Finance Corporation was created by act of Congress approved January 22, 1932. Its functions have been changed from time to time by amendatory and supplemental legislation, and its succession was extended to June 30, 1948, by Public Law 132, Eightieth Congress, approved June 30, 1947. Under the provisions of that act, the Corporation is authorized—

(1) To purchase the obligations of, and make loans to, any business enterprise organized or operating under the laws of any State or of the United States;

(2) To make loans to any financial institution organized under the laws of any State or of the United States;

(3) To purchase the securities and obligations of, or to make loans to, (a) municipalities and political subdivisions of States; (b) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States; and (c) public corporations, boards, and commissions, to aid in financing projects authorized under Federal, State, or municipal law (limited to \$125,000,000 by the

Supplemental Government Corporations Appropriation Act, 1948, Public Law 256, 80th Cong.);

(4) To make such loans, in an aggregate amount not to exceed \$25,000,000 outstanding at any one time, as it may determine to be necessary or appropriate because of floods or other catastrophes;

(5) To exercise the functions, powers, duties, and authority of the Defense Plants Corporation, Metals Reserve Company, Rubber Reserve Company, Defense Supplies Corporation, and Disaster Loan Corporation which were transferred to the Reconstruction Finance Corporation by Public Law 109, Seventy-ninth Congress, but only with respect to programs, projects, or commitments outstanding at June 30, 1947;

(6) To liquidate the affairs of Smaller War Plants Corporation;

(7) To purchase any surplus property for resale to small business, subject to regulations of the War Assets Administrator or his successor. Such sales may be made on a credit or time basis.

The total amount of investments, loans, purchases, and commitments made pursuant to section 4 of the Reconstruction Finance Corporation Act, as amended, covering items (1), (2), (3), and (4) above shall not exceed \$2,000,000,000 outstanding at any one time.

In addition to the foregoing, the Corporation is authorized—

(a) To continue until June 30, 1949, or until such earlier time as the Congress shall otherwise provide, (1) to buy, sell, and transport tin, and tin ore and concentrates; (2) to improve, maintain, and operate by lease or otherwise the Government-owned tin smelter at Texas City, Tex.; (3) to finance research in tin smelting and processing; and (4) to do all other things necessary to the accomplishment of the foregoing—act approved June 28, 1947 (Public Law 125, 80th Cong.); and

(b) To continue the manufacture and sale of synthetic rubber until March 31, 1948—act approved March 29, 1947 (Public Law 24, 80th Cong.).

Under the provisions of section 203 of Public Law 132, Eightieth Congress, the assets and liabilities of the RFC Mortgage Company, a former subsidiary, were transferred to the Reconstruction Finance Corporation and all of its activities have ceased. There remains to be completed its technical dissolution under the laws of the State of Maryland, which dissolution will be effected prior to June 30, 1948. The assets and liabilities of War Damage Corporation will be transferred to the Reconstruction Finance Corporation during the fiscal year 1948 for liquidation, and War Damage Corporation will be dissolved. The U. S. Commercial Company will be dissolved not later than June 30, 1948, and its assets and liabilities will be transferred to the Reconstruction Finance Corporation for liquidation.

The Corporation has outstanding capital stock of \$325,000,000, all of which is owned and held by the Secretary of the Treasury.

The act extending the Reconstruction Finance Corporation (Public Law 132, 80th Cong.) rescinded the several individual grants of authority to borrow from the Secretary of the Treasury and instead provides that the Corporation “may issue to the Secretary of the Treasury its notes, debentures, bonds or other such obligations in an amount outstanding at any one time sufficient to enable the Corporation to carry out its functions under this act or any other provision of law.” The act further provides that “Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into con-

sideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Corporation."

LEGISLATION TO EXTEND RFC

Legislation (S. 2287) which would continue the succession of the Reconstruction Finance Corporation and revise its current authority has been passed by the Senate. The Senate bill has been passed by the House with certain modifications. In summary, this legislation would change the current authority of the Reconstruction Finance Corporation as follows:

As passed by the Senate, the Corporation would be authorized to purchase preferred stock issued by banks, trust companies, and insurance companies. The bill, as passed by the House would not authorize the purchase of such preferred stock.

The Senate version of the bill would terminate the Corporation's authority to purchase surplus-property for resale to small business. However, the House version of the bill would not terminate this authority.

As passed by the Senate, the total amount of new investments, loans, purchases, and commitments that may be outstanding at any one time will be reduced from the current limitation of \$2,000,000,000 to \$1,000,000,000. The action of the House in this respect would establish such amount at \$1,500,000,000.

The Senate action would terminate the life of the Federal National Mortgage Association and transfer its assets to the Reconstruction Finance Corporation and discontinue the authority of the Corporation to purchase Federal Housing Administration insured mortgages. The House action would continue the Federal National Mortgage Association on an active basis.

The bill as passed by the Senate would reduce Reconstruction Finance Corporation's outstanding capital stock of \$325,000,000 to \$100,000,000 and require the Corporation to pay into miscellaneous receipts of the Treasury all surplus in excess of \$50,000,000. The only change in the latter by the House would be to require the Corporation to pay as miscellaneous receipts all of its surplus in excess of \$400,000,000.

The following tabulation of sources and application of funds presents the budget program of the Corporation in 1949 (1) on the basis of a verbatim extension of its present powers, (2) on the basis of the bill as passed by the Senate, and (3) on the basis of the bill as passed by the House.

Condensed statement of sources and application of funds

	Estimate, 1948	Original budget estimate, 1949	Estimate under Senate version S. 2287	Estimate under House Com- mittee version S. 2287
SUMMARY OF APPLICATION AND SOURCES OF FUNDS				
Funds applied:				
To operating program:				
Lending program, pt. I, exhibit A:				
Acquisition of assets.....	\$323,343,000	\$199,745,000	\$209,745,000	\$297,745,000
Operating expenses.....	704,000	725,500	725,500	725,500
Increase in working capital items.....	2,811,246	1,500,000	1,500,000	1,500,000
	326,858,246	201,970,500	211,970,500	299,970,500

Condensed statement of sources and application of funds—Continued

	Estimate, 1948	Original budget estimate, 1949	Estimate under Senate version S. 2287	Estimate under House Com- mittee version S. 2287
SUMMARY OF APPLICATION AND SOURCES OF FUNDS—continued				
Funds applied—Continued				
To operating program—Continued				
Nonlending program, pt. II, exhibit A:				
Acquisition of assets.....	\$298, 129, 000	\$215, 350, 000	\$215, 350, 000	\$215, 350, 000
Operating expenses.....	70, 325, 104	34, 349, 000	34, 349, 000	34, 349, 000
Increase in working capital items.....	104, 180, 417	6, 180, 000	6, 180, 000	6, 180, 000
	472, 634, 521	255, 879, 000	255, 879, 000	255, 879, 000
Intragovernmental operations, pt. IV, exhibit A:				
Acquisition of assets.....				
Payments into miscellaneous receipts of U. S. Treasury and other Government agencies.....				
	428, 132, 595	50, 211, 494	796, 119, 657	441, 357, 494
Increase in working capital items.....	77, 365, 658	465, 000	465, 000	465, 000
	505, 498, 253	50, 676, 494	796, 584, 657	441, 822, 494
To administrative expenses, pt. III exhibit A.....				
	36, 365, 000	26, 481, 000	26, 331, 000	26, 481, 000
Total funds applied.....	1, 341, 356, 020	535, 006, 994	1, 290, 765, 157	1, 024, 152, 994
To cancellation of notes to U. S. Treasury to restore capital impair- ment in the amount of unrecovered costs and net expenses resulting from national defense, war and re- conversion activities, pt. IV, ex- hibit A.....				
		9, 313, 736, 531	9, 313, 736, 531	9, 313, 736, 531
Total funds applied, including note cancellation.....	1, 241, 356, 020	9, 848, 743, 525	10, 604, 501, 688	10, 337, 889, 525
Funds provided:				
By operating program:				
Lending program, pt. I, exhibit A:				
Realization of assets.....	238, 954, 109	197, 298, 000	197, 298, 000	201, 298, 000
Income.....	37, 230, 000	38, 695, 000	38, 695, 000	41, 695, 000
Decrease in working capital items.....	4, 406, 480	1, 211, 200	1, 211, 200	1, 211, 200
	280, 590, 589	237, 204, 200	237, 204, 200	244, 204, 200
Nonlending program, pt. II, exhibit A:				
Realization of assets.....	507, 637, 507	282, 042, 000	282, 042, 000	282, 042, 000
Income.....	25, 763, 330	10, 523, 700	10, 523, 700	10, 523, 700
Decrease in working capital items.....	44, 210, 468	14, 337, 094	14, 337, 094	14, 337, 094
	577, 611, 305	306, 902, 794	306, 902, 794	306, 902, 794
Intragovernmental operations, pt. IV, exhibit A:				
Realization of assets.....	176, 901, 364			
Decrease in working capital items.....	55, 806, 987			
	232, 708, 351			
Total funds provided.....	1, 090, 910, 245	544, 106, 994	544, 106, 994	551, 106, 994
By credit due Reconstruction Fi- nance Corporation for notes can- celed to restore capital impairment, pt. IV, exhibit A.....				
		9, 313, 736, 531	9, 313, 736, 531	9, 313, 736, 531
Total funds provided including note cancellation.....	1, 090, 910, 245	9, 857, 843, 525	9, 857, 843, 525	9, 864, 843, 525
Net expenditure (or receipt ¹).....				
Less, cancellation of notes due to transfer of assets to U. S. Treasury, pt. IV, exhibit A.....	250, 445, 775	¹ 9, 100, 000	746, 658, 163	473, 046, 000
	693, 141, 215	20, 000, 000	20, 000, 000	20, 000, 000
Combined net budget, charge or credit ¹	¹ 442, 695, 440	¹ 29, 100, 000	726, 658, 163	453, 046, 000

¹ Denotes receipts.

The Budget Division of the Reconstruction Finance Corporation, at the request of the committee, has prepared the following statement showing, on a different basis from that presented in the foregoing statement of sources and application of funds, the effect of pending legislation upon the budget of the Corporation.

Statement showing effect of the Senate and the House versions of S. 2287 upon the budget of the Corporation

	Budget as submitted	As revised, Senate version of S. 2287	Increase or decrease *	As revised, House version of S. 2287	Increase or decrease *
Recapitulation of net budget:					
Program operations:					
Disbursements:					
Lending operations, pt. I, exhibit A.....	\$201, 970, 500	\$211, 970, 500	¹ \$10, 000, 000	\$299, 970, 500	¹ \$98, 000, 000
Nonlending operations, pt. II, exhibit A.....	255, 879, 000	255, 879, 000	-----	255, 879, 000	-----
Administrative expenses, pt. III, exhibit A.....	26, 481, 000	26, 331, 000	* ² 150, 000	26, 481, 000	-----
Total.....	484, 330, 500	494, 180, 500	9, 850, 000	582, 330, 500	98, 000, 000
Receipts:					
Lending operations, pt. I, exhibit A.....	237, 204, 200	237, 204, 200	-----	¹ 244, 204, 200	¹ 7, 000, 000
Nonlending operations, pt. II, exhibit A.....	306, 902, 794	306, 902, 794	-----	306, 902, 794	-----
Total.....	544, 106, 994	544, 106, 994	-----	551, 106, 994	7, 000, 000
Net budget, charge or credit *.....	* 59, 776, 494	* 49, 926, 494	9, 850, 000	31, 223, 506	91, 000, 000
Intragovernmental transactions (cash) pt. IV, exhibit A:					
Disbursements.....	50, 676, 494	796, 584, 657	³ 745, 908, 163	441, 822, 494	³ 391, 146, 000
Receipts.....			-----		-----
Net charge or credit*.....	50, 676, 494	796, 584, 657	745, 908, 163	441, 822, 494	391, 146, 000
Net budget for cash transactions.....	*9, 100, 000	746, 658, 163	755, 758, 163	473, 046, 000	482, 146, 000
Intragovernmental transactions resulting in reduction of RFC note account with U. S. Treasury from transfer of assets, pt. IV, exhibit A.....	*20, 000, 000	*20, 000, 000	-----	*20, 000, 000	-----
Combined net budget, charge or credit*.....	*29, 100, 000	726, 658, 163	755, 758, 163	453, 046, 000	482, 146, 000
Fiscal effect of net budget:					
Net funds borrowed from U. S. Treasury:					
Gross borrowings.....	37, 439, 333	743, 197, 496	705, 758, 163	489, 871, 827	452, 432, 494
Gross repayments.....	9, 713, 506	9, 713, 506	-----	30, 000, 000	20, 286, 494
Net funds borrowed.....	27, 725, 827	733, 483, 990	705, 758, 163	459, 871, 827	432, 146, 000
Net reduction in note account by transfer of assets.....	20, 000, 000	20, 000, 000	-----	20, 000, 000	-----
Net change in note account.....	7, 725, 827	713, 483, 990	705, 758, 163	439, 871, 827	432, 146, 000

See footnotes at end of table, p. 53.

Statement showing effect of the Senate and the House versions of S. 2287 upon the budget of the Corporation—Continued

	Budget as submitted	As revised, Senate version of S. 2287	Increase or decrease *	As revised, House version of S. 2287	Increase or decrease *
Increase or decrease* in RFC cash balance-----	\$36, 825, 827	*\$13, 174, 173	\$50, 000, 000	*\$13, 174, 173	\$50, 000, 000
Net budget, charge or credit*-----	*29, 100, 000	726, 658, 163	755, 758, 163	453, 046, 000	482, 146, 000

¹ Purchase of, or loans on, preferred stocks of banks, trust companies, and insurance companies. House version kills this provision but continues the secondary market for FHA insured mortgages. Based upon recent heavy offerings of such mortgages, it is now estimated that the Corporation will be called upon to purchase \$70,000,000 of FHA insured mortgages in the fiscal year 1949, or \$68,000,000 more than reflected in the budget as submitted. Principal and interest collections on such mortgages will increase in the estimated amount of \$6,000,000. Sec. 4, subsec. (3) of the House version of S. 2287 places a limit of \$125,000,000 on Public Agency loans and commitments made subsequent to June 30, 1947. This will permit the Corporation to approve additional applications for such loans, and it is estimated that disbursements for this purpose will increase by \$30,000,000 and collections by \$1,000,000.

² Decrease in administrative expenses of Federal National Mortgage Association. The House bill requires the continuance of FNMA, hence these funds will be needed.

³ The Senate version of S. 2287 provided for a reduction in the capital stock of the Corporation from \$325,000,000 to \$100,000,000 and also provided that all surplus in excess of \$50,000,000 be paid in to "Miscellaneous receipts of the Treasury." The House version makes the same requirement as to capital stock but provides that surplus in excess of \$400,000,000 be paid to the Treasury. These payments, plus interest payments to the Treasury, make up the above amounts.

ADMINISTRATIVE EXPENSES

The administrative expense limitation of \$25,796,000 proposed in the budget for 1949 has been reduced by the committee by \$1,000,000 to \$24,796,000. If the legislation finally enacted with respect to the succession and authority of the Reconstruction Finance Corporation materially changes its contemplated operations in 1949, appropriate recommendations can be then made.

The principal effect on the administrative expenses of the Corporation will depend upon whether or not the Federal National Mortgage Association is maintained as a going concern. Officials of the Reconstruction Finance Corporation estimate that the Corporation will be called upon to purchase \$70,000,000 of Federal Housing Administration insured mortgages in the fiscal year 1949, or \$68,000,000 more than reflected in the budget as originally submitted. Therefore, if a program of purchasing such loans is continued, administrative expenses may require revision.

The limitation formerly carried in the appropriation bill on the amount of public agency loans authorized to be outstanding has been deleted since provision therefor is included in the authorizing bill as passed by the House.

SERVICES TO SMALL BUSINESS

The committee desires to point out that the action by the House in allowing Reconstruction Finance Corporation to retain a surplus of \$400,000,000 would have a salutary effect on the activities of the Corporation in aiding the small business of the country. This would provide a reasonable amount of interest-free capital funds for the Corporation, thus permitting it to incur expenses in investigating and setting up loan applications, with a view to interesting private lending agencies in making loans, which the Reconstruction Finance Corporation believes private capital should make. If Reconstruction Finance Corporation does not make loans after investigating and setting up loan applications, there is, of course, no return to compensate for its expenses thus incurred. Interest-free capital for the Corporation per-

mits it to absorb such expenses and thus to give concrete recognition to the public interest position in which the Corporation functions and in carrying out expressly one of the policies enunciated in both the Senate and House version of the RFC Extension Act, i. e., "to encourage small business." However, the Corporation, in its annual financial and budgetary reports, should reflect any such expenses so as to reveal the extent of the Federal subsidy involved.

LIQUIDATION OF WAR ACTIVITIES AND PROGRAMS

Administrative expenses applicable to nonlending operations, as shown in exhibit B-3 of the Corporation's budget, are \$7,812,000 for fiscal 1949. The principal part of the operations not under the lending program consist of liquidating activities, which up to now have been major programs but which are now entering their final termination stage or are in process of liquidation. The exceptions are operation of the synthetic-rubber plants and the Texas City tin smelter. Hence a substantial portion of the administrative expenses for nonlending activities are requested for work incident to disposition of property, settlement of claims, termination of leases, and other liquidation activities. It is noted that the Corporation has apparently taken cognizance of the propensity of liquidation activities to become inordinately complex and extended in time and has planned to merge or otherwise reorganize its offices of Defense Plants, Metals Reserve, Rubber Reserve, and Defense Supplies, so as to effectuate reductions in administrative overhead and to facilitate reductions in force. The committee is pleased to note that this arrangement will probably be made by the beginning of the fiscal year 1949.

It is recognized that in connection with liquidating these war and related activities proper care must be exercised to obviate injuring the rights of interested parties and to protect the Government's interests, and that the Corporation may be called upon to retain certain plants and facilities necessary to national defense activities, but consistent with the foregoing persistent and aggressive efforts should be made to complete this activity at the earliest possible date. The Corporation should set definite time goals for the termination of specific portions of the program and insist that the goals be met without delay. When hearings are conducted on the budget program for 1950, the committee expects to review the liquidation program thoroughly.

CANCELLATION OF UNRECOVERABLE WAR AND DEFENSE EXPENSES

Section 102 of the Government Corporation Control Act (Public Law 248, 79th Cong.) requires submission with the annual budget program of a statement of the appropriation required to provide for the restoration of capital impairment.

The cumulative unrecoverable net cost to the Corporation and its subsidiaries of the programs involving national defense, war and related activities (exclusive of the War Damage insurance program) aggregated \$8,632,714,519 through June 30, 1947. As of that date, the Corporation held assets valued at \$681,022,012 (the estimated recovery value) on which no recovery will be realized by the Corporation since any receipts from disposition thereof will be deposited in miscellaneous receipts of the Treasury. This made a total of

\$9,313,736,531 of unrecovered costs and net expenses on the non-lending programs involving national defense, war, and related purposes.

These unrecovered costs have been financed by borrowings from the Treasury during past years on which the Corporation continues to pay interest which, of course, continues to add to the deficit from these programs and, simultaneously, constitutes a not insignificant part of the Federal Budget. This charge to the Federal Budget is, of course, offset exactly by an equivalent amount of income credited to miscellaneous receipts account of the Treasury with the result that both the expenditures and the revenues of the Government will continue to be increased so long as the notes representing the deficit of the Corporation from these nonlending programs continue to remain outstanding. It is obvious that notes in the amount of this deficit have only a relatively small realizable value insofar as the Treasury Department or the Government are concerned, and it would appear that the Congress should authorize and direct the Secretary of the Treasury to cancel the Corporation's notes in the amount of the unrecoverable costs of these defense, war, and related programs.

The budget of the Corporation provides for elimination of the deficit of \$9,313,736,531 described above by cancellation of the Corporation's notes held by the Treasury in a like amount, and further that any amounts recovered by the Corporation with respect to these activities subsequent to June 30, 1947, shall, after deduction of related expenses, be deposited in the Treasury as miscellaneous receipts.

As stated above, estimated net recoveries to be realized from collections and sales under these nonlending programs subsequent to June 30, 1947, are \$681,022,012. It is estimated that this total will be reduced to \$233,039,629 by June 30, 1949, as the result of estimated operating losses (consisting principally of the write-off of the value of materials to be transferred to the national stock pile without reimbursement to the Corporation) of \$395,679,647 and \$9,680,242 in the fiscal years 1948 and 1949, respectively, the payment of \$43,211,494 to the Treasury in the fiscal year 1949, representing the excess of cash receipts over disbursements during that year, less a surplus adjustment of \$589,000.

SUMMARY OF UNRECOVERABLE WAR AND DEFENSE EXPENSES

The following consolidated statement prepared by the Corporation Audits Division of the General Accounting Office summarizes the items requested to be canceled:

Statement of net expenditures for national defense, war and related purposes, financed by RFC borrowings from the U. S. Treasury from inception to June 30, 1947

Assets remaining for disposal:		
Defense plants and facilities.....	\$1,984,700,229	
Inventories of commodities.....	346,967,934	
Loans, advances, and receivables arising principally from trading activities.....	193,793,099	
Other assets.....	46,938,993	
		\$2,572,400,255
Assets transferred to other U. S. Government agencies without reimbursement:		
Declared surplus:		
Defense plants and facilities.....	\$4,597,579,682	
Commodities, equipment, and supplies.....	84,200,343	
		4,681,780,025
Commodities transferred to national stock pile.....		251,095,164
Hotel Empire, San Francisco, transferred to Public Buildings Administration.....		2,137,869
		4,935,013,058

Statement of net expenditures for national defense, war and related purposes, financed by RFC borrowings from the U. S. Treasury from inception to June 30, 1947—
Continued

Subsidies, operating, and other losses:		
Direct subsidies	\$3,035,723,714	
Operating losses:		
Trading in commodities, principally strategic and critical materials.....	\$326,391,190	
Manufacturing and processing operations conducted by agents in plants owned by the Corporation.....	250,274,593	
Transportation and other miscellaneous activities.....	125,013,295	
Preclusive trading abroad, including activities conducted jointly with United Kingdom Commercial Corporation.....	117,540,613	
Pacific Ocean area operations conducted by U. S. Commercial Company.....	3,249,968	
		565,943,133
Losses on sales and retirements of defense plants.....		325,216,246
Expenses incurred in connection with construction, leasing, and disposition of defense plants.....		175,892,696
Cost of experimental plywood flying boat.....		18,247,963
Interest expense on funds borrowed from the U. S. Treasury.....		352,798,105
Administrative expense.....		110,356,611
		<u>\$4,584,178,468</u>
Total.....		12,091,591,781
Less:		
Defense plants rentals.....	821,881,371	
Net proceeds of renegotiation settlements.....	83,936,935	
Fees collected by U. S. Commercial Company for services to the Department of the Army in connection with trade with occupied countries.....	2,573,288	
Miscellaneous income and expense (net).....	15,847,002	
Recoveries from funds appropriated to other U. S. Government agencies under agreements providing for full or partial reimbursement to RFC of the cost of—		
Defense plants and facilities.....	\$1,379,877,783	
Rubber sold for war use.....	340,856,239	
Alcohol sold for war use.....	72,000,000	
Petroleum feed stocks diverted to the aviation-gasoline program.....	44,580,257	
Other.....	16,302,375	
		<u>1,853,616,654</u>
		2,777,855,250
Net expenditures for national defense, war, and related purposes financed by RFC borrowings from the U. S. Treasury.....		<u>9,313,736,531</u>

NOTE.—The foregoing statement represents a tentative reclassification and resummation of the balances set forth in schedule 3 (pp. 17 and 18) of the Corporation's published report and financial statements of June 30, 1947.

The committee feels that there is no alternative but to cancel these notes as proposed in the budget, and has provided appropriate authorization to that end in the bill.

EXPORT-IMPORT BANK OF WASHINGTON

The Export-Import Bank of Washington is authorized to extend loans and guaranties not in excess at any one time of 3.5 billion dollars—

to aid in financing and to facilitate exports and imports and the exchange of commodities between the United States or any of its Territories or insular possessions and any foreign country or the agencies or nationals thereof.

Total loans, guaranties, and undisbursed credit authorizations outstanding on June 30, 1947, amounted to approximately \$2,689,500,000. The bank's entire authorized capital stock of \$1,000,000,000 has been issued and is held by the Secretary of the Treasury. The bank is authorized to borrow from the Treasury not in excess of two and one-half times its capital stock. As of June 30, 1947, borrowings of the bank from the Treasury amounted to \$516,200,000.

In 1947, the Export-Import Bank Act of 1945 was amended to provide a Federal charter in place of a District of Columbia charter; to extend the life of the Corporation to June 30, 1953; to provide that the bank shall pay interest on borrowings from the Treasury at a rate

determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the bank; and to provide that net earnings of the bank, after reasonable provision for possible losses, shall be used for the payment of dividends on its capital stock.

LENDING POLICIES

In 1945, the bank authorized credits totaling \$655,000,000 to finance purchase of products and services for which requisitions had been filed and approved, but not contracted for, before VJ-day under the lend-lease program. As of June 30, 1946, the credits had been fully disbursed, and repayments are being made.

Prior to the organization and operation of the International Bank, the Export-Import Bank undertook an emergency program of financing United States exports to rehabilitate war-torn countries. This program has been terminated with respect to the funds and operations of the bank under its basic act of 1945, as amended. As previously stated, the committee feels that there should be no resumption of long-term rehabilitation credits by the bank under its 3.5 billion dollar loan ceiling unless expressly authorized by act of Congress. It should be noted that the Economic Cooperation Act of 1948 provides that the bank may make and administer assistance credits to participating countries from funds allocated by the Administrator of Economic Cooperation. Such loans are expressly exempted from the provisions of the Export-Import Bank Act of 1945, as amended.

The bank has generally offered facilities for financing the export or import of goods or services which private capital is unable to undertake, either because the terms of repayment are longer than is customary in commercial bank practice or because of other impediments. Generally, credits under this program, whether initiated by American exporters or foreign purchasers, are required by the bank to be guaranteed, both as to credit and as to availability of dollar exchange for service of the loan, by the government or central bank of the borrowing country.

In addition to the general foreign-trade program described above, the bank makes its facilities available to smaller United States exporters and importers who are unable to secure necessary assistance from commercial banks.

The bank makes no loans in instances where it can be determined that private capital would be available on a reasonable basis, and every effort is exerted to secure participation of private capital in the bank's credits.

OPERATIONS AND EARNINGS

Operations for the fiscal year ending June 30, 1947, showed a net income of \$30,000,000 after charging off all expenses, including interest paid on money borrowed from the Treasury, and charging a reserve for delinquent loans of \$273,000. The entire net earnings for the year were transferred to earned surplus reserved for future contingencies. It is impossible to calculate the future possible losses on loans now in good standing. For this reason the directors have determined that the entire earned surplus of the bank be so reserved as a reasonable provision for possible losses, and no dividends have been paid. The total accumulated earned surplus so reserved

amounted to \$62,000,000 as of June 30, 1947. The committee is in agreement that no dividends should be paid until larger reserves against losses have been accumulated.

As of June 30, 1947, the Secretary of the Treasury determined that the effective rate of interest on new borrowings by the bank would be 1.75 percent per annum. Had the bank paid 1.75 percent on all its borrowings during the year and on all its capital stock outstanding, net earnings would have approximated \$12,700,000. This sum represents the amount earned hypothetically by the bank for the account of the United States after all costs, including interest on all public funds used.

By reporting in its budget presentation the extent to which the payment of interest on all public funds used would reduce its net earnings, the Export-Import Bank has shown a candor not indicated by all Government corporations. The unrevealed subsidies to Government corporations occasioned by nondisclosure of interest-free capital supplied by the Government is commented on earlier in this report.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
FUNDS APPLIED		
To acquisition of assets.....	\$938,302,500	\$655,402,500
To expenses (excluding depreciation and other charges not requiring funds).....	18,805,000	121,797,500
To retirement of borrowings.....	116,000,000	115,000,000
To increase in working capital.....	992,500	3,947,500
Total funds supplied.....	1,074,100,000	796,147,500
FUNDS PROVIDED		
By realization of assets.....	119,600,000	128,200,000
By income.....	59,500,000	67,947,500
By borrowings and capital subscriptions.....	895,000,000	600,000,000
Total funds provided.....	1,074,100,000	796,147,500

¹ Includes administrative expenses estimated at \$800,000.

Of the item "Acquisition of assets," \$655,400,000 represents the amount estimated to be loaned in 1949. The amount of \$128,200,000 under "Realization of assets," indicates estimated collections of loan principal in 1949. Such collections should more than double those realized in 1947 and exceed by several million dollars 1948 collections. Of its total loan authorization of \$3,500,000,000, it is estimated that the bank will have more than \$3,000,000,000 outstanding in 1949.

Servicing the increasing volume of outstanding loans and credits will constitute a major portion of the bank's activity in 1949. Examination and appraisal of applications for new credits, disbursements under new credits, and existing credits which have not been fully utilized, will also be a continuing part of its program.

In spite of the large volume of funds handled by the bank, by utilizing the services of other Government agencies and private banking institutions it has kept its staff and administrative expenses as small as possible. The committee is satisfied that the estimate of administrative expenses presented in the budget for the Export-Import Bank is justified and accordingly the approval of the amount of \$800,000 is recommended in the accompanying bill.

As previously noted, the Economic Cooperation Act of 1948 provides for the use of this bank to make and administer loans under the

European recovery program. The bank has informed the committee that such activity will not affect its budget as submitted, since it plans to segregate the two operations as much as possible and maintain separate administrative expense accounts.

PANAMA RAILROAD COMPANY

The Panama Railroad Company was incorporated by the State of New York in 1849. In 1904 the majority of its capital stock was acquired by the United States as a part of the assets of the New Panama Canal Company, pursuant to law. The remaining shares were purchased from private owners during 1905.

Policy of the Panama Railroad Company was harmonized with the policy of the Government by making it an adjunct to the construction of the Canal, while at the same time fulfilling the purpose for which it was created. The Panama Canal Act, approved August 24, 1912, authorized the President to establish, maintain, and operate, through the Panama Railroad Company or otherwise, numerous types of business activities related to the Canal, and this legislation constitutes the basic statutory authority for the present activities of the Company.

Although the Company is authorized by its charter to borrow money and to mortgage its property if necessary, it has not done so and has no bonded indebtedness.

Pursuant to section 304 (b) of the Government Corporation Control Act, a bill was drafted recommending that the Panama Railroad Company be reincorporated as a Federal corporation, and is presently under consideration in the Congress.

The operations of the Panama Railroad Company comprise eight distinct functions.

Railroad.—The railroad comprises 50 miles of main-line track between the cities of Panama and Colon, at the Pacific and Atlantic terminals of the Canal, and the usual appurtenances such as freight and passenger stations and terminals, railroad yards, industrial trackage, and the requisite rolling stock.

Harbor terminal facilities.—The harbor terminal facilities consist of docks, piers, and appurtenances necessary for handling, transferring, stevedoring, and storing cargo arriving at the Canal Zone ports of Cristobal and Balboa.

Telephone system.—The telephone system provides telephone service for the Panama Canal and for the civilian communities in the Canal Zone. It also leases trunk lines, circuits, and duct space to the United States Army and Navy and to the Government of the Republic of Panama.

Hotels Tivoli and Washington.—The Hotel Tivoli in Ancon, adjacent to Panama City, is an old frame structure of 132 rooms owned by the Panama Canal, built in 1906, and fully depreciated many years ago. It is operated by the Panama Railroad Company. The Hotel Washington in Colon is a concrete structure of 82 rooms, built in 1913 and owned by the Panama Railroad Company.

In a note accessory to the treaty of 1936 between the United States and the Republic of Panama, the United States agreed that the hotel business proper would be left in the hands of Panamanian industry when suitable hotel accommodations were available in the Republic of Panama. Preparations are now under way for the construction of a large hotel in Panama City; the estimates have been prepared on

the assumption that the new hotel will be in operation about the end of fiscal year 1949.

Commissary division.—The commissary division provides food supplies, clothing, and other essential requirements to Government employees and their families, to establishments of the United States Government located on the Isthmus, and to commercial shipping.

Coaling plants.—The Panama Railroad Company operates two coaling plants, one at each terminus of the Canal, to supply coal to shipping calling at Canal Zone ports, the Balboa coaling plant being now on an inoperative or stand-by basis and bunkering operations are confined to emergency demands.

New York City office and steamship line.—The New York City office of the Panama Railroad Company is the general office of the Company maintained under its charter as a corporation of the State of New York; it is also the main office of the Company in the United States.

The New York office also has direct supervision over and responsibility for the operation of the steamship service and facilities in connection therewith.

The Company's steamship line comprises three identical cargo and passenger steamers of 10,000 gross tons each, built in 1939 at a total cost of \$13,200,000 which normally maintain a weekly service between New York and Cristobal, C. Z.

During the war, all three steamers were withdrawn from the Company's service for use in the war effort. After the cessation of hostilities, they were returned to the Company and after undergoing some overhaul and rehabilitation were restored to their former service.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
FUNDS APPLIED		
To acquisition of assets.....	\$793,447	\$2,046,200
To operating and other costs (excluding depreciation and other charges not requiring funds).....	44,372,748	¹ 41,561,100
To distribution of surplus: Dividends paid to U. S. Treasury.....	700,000	700,000
Total funds applied.....	45,866,195	44,307,300
FUNDS PROVIDED		
By realization of assets.....	4,650	4,650
By income.....	43,068,600	43,591,700
By decrease in working capital.....	2,792,945	710,950
Total funds provided.....	45,866,195	44,307,300

¹ Includes administrative expenses estimated at \$715,000.

In fiscal year 1949 the principal expenditures will be for further replacement of boxcars and cargo-handling equipment, the acquisition of new Diesel-powered passenger equipment for the railroad, completion of the laundry annex and the installation of dry-cleaning equipment, and additional work on the new ice-cream and milk-bottling plant.

Retirements of plant and equipment are estimated to amount to \$147,000 in fiscal year 1948 and \$90,000 in fiscal year 1949.

During the fiscal year 1947 the operations of the Company as a whole resulted in a net revenue of \$956,834, in which year a dividend of \$1,250,000 was paid into the Treasury of the United States.

For fiscal year 1948, it is estimated that the operations of the Company as a whole will result in a net revenue of \$664,960, and for fiscal year 1949 in a net revenue of \$772,860, and it is estimated that a dividend of \$700,000, or 10 percent on the capital stock, will be paid into the Treasury of the United States in each of these years.

The earned surplus of the Company is approximately \$47,000,000. The greater portion of the earned surplus is invested in plants and facilities of the Company, but the committee has noted that more than \$13,000,000 of surplus is invested in United States Government bonds. This results in an agency of the United States owning part of the national debt, collecting interest which shows as income and part of the profit, if any, of the Panama Railroad Company, but which is reflected in the Treasury's expense item "Interest on the Public Debt." The committee is unable to recommend that this continue, particularly in view of the fact that the use of these surplus funds is not contemplated or budgeted for use in 1949. Therefore, the accompanying bill requires the payment of a dividend to the Treasury in amount of \$10,000,000 in 1949. Any future budget program requiring funds not available to the corporation at the time contemplated should be presented in advance to the Congress with estimates for such appropriations as may be necessary.

The budget estimate for administrative expenses for 1949 is \$715,000 and on its face appears to be a reduction below the amount of \$750,000 approved for 1948. The apparent decrease is attributable to removing two items of expense from the administrative expense category. For purpose of comparison, if the same basis were used as for computing the administrative expenses for 1948, the 1949 amount would be \$790,000, or an increase of \$40,000 above the amount provided for 1948.

The committee recommends approval of the administrative expenses of the Panama Railroad Company as submitted in the Budget in amount \$715,000, and agrees that the expenses of commissary coupon audit and commissary contraband inspection are properly classified as expenses other than administrative.

FEDERAL PRISON INDUSTRIES, INC.

Federal Prison Industries, Inc., was created as an independent agency in 1934. The corporation as of January 1, 1935, took over the powers, duties, and functions vested in the Attorney General by act of May 27, 1930, theretofore exercised by the industries division of the Bureau of Prisons, Department of Justice. Under Reorganization Plan No. 2, effective July 1, 1939 (5 U. S. C. 133t, note), the corporation (with its board of directors) and its functions were transferred to the Department of Justice to be administered under the general direction and supervision of the Attorney General.

The corporation is authorized to establish and operate, in the Federal prisons, industries for the production of articles and commodities for use in the prisons or for sale to other agencies of the Federal Government, but not for sale to the public in competition with private enterprise. It is required to select such forms of employment as will give prisoners "a maximum opportunity to acquire a knowledge and skill in trades and occupations which will provide them with a means of earning a livelihood upon release" and to diversify its industries so as

to reduce to a minimum competition with private industry or free labor.

By recent act of Congress (Public Law 67, approved May 16, 1947), the corporation is authorized to compensate prisoners employed in important tasks in the maintenance and operation of the prisons.

The corporation has no borrowing or lending power and no capital stock. Net earnings of the corporation from January 1, 1935, to June 30, 1947, total \$19,841,471.

The following condensed statement of sources and application of funds presents a comparison of the activities budgeted for the fiscal year 1949 with the activities of the current year 1948.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
FUNDS APPLIED		
To acquisition of assets.....	\$946,000	\$896,000
To expenses (excluding depreciation and other charges not requiring funds).....	9,981,000	10,074,000
To dividend payment to U. S. Treasury.....	1,000,000	1,000,000
To increase in working capital (net).....	123,000	80,000
Total funds applied.....	12,050,000	12,050,000
FUNDS PROVIDED		
By income.....	12,050,000	12,050,000
Total funds provided.....	12,050,000	12,050,000

Includes administrative expenses estimated at \$267,000.

In the foregoing tabulation the item "Acquisition of assets" represents expansion of plant and equipment, and the item "Expenses" covers cost of sales, including manufacturing costs, administrative expenses and vocational expenses. Of the item designated "By income" \$12,000,000 represents estimated income from sales of commodities in 1949, and the balance of \$50,000 is attributable to property donated to the corporation. Net earnings for the fiscal year 1949 are estimated at \$1,670,000, after deducting cost of sales and other expenses.

Administrative expenses of the corporation in 1948 were limited to \$225,000. Although the limitation on administrative expenses in 1948 covered cost of rent in the District of Columbia and cost of the audit by the Comptroller General under authority of the Government Corporation Control Act, the budget for 1948 presumed that rent and audit costs would be considered as operating expenses. A supplemental estimate relating to 1948, and requesting an increase in the limitation on administrative expenses from \$225,000 to \$260,000 has been submitted. Such increase is recommended by the committee, and provision therefor is made in the accompanying bill. Also, the committee recommends that the administrative expenses in the fiscal year 1949 be approved in amount of \$267,000 as requested in the budget.

The committee was informed by officials of the corporation that it is attempting to expand its production of mail bags used by the Post Office Department. The postal service is in urgent need of such bags and fasteners. The committee recommends that postal authorities cooperate fully with the Prison Industries, Inc., and utilize its facilities as fully as possible.

INLAND WATERWAYS CORPORATION

Chartering of the Inland Waterways Corporation in 1924 was an outgrowth of the need for inland water transportation during the First World War. In accordance with authority granted in 1918 the Director General of Railroads commandeered substantially all privately owned vessels on the inland waterways and initiated a program for the construction of new floating equipment. Functions of the Director General of Railroads were subsequently transferred to the Secretary of War, who conducted the operations. The Inland Waterways Corporation was created by act of Congress, June 3, 1924. The Corporation was operated under the direction and supervision of the Secretary of War until its transfer to the Department of Commerce in 1939.

The chief purpose and objective of the Inland Waterways Corporation is to demonstrate the feasibility of water transportation on the inland rivers and to extend the benefits of this service to the people of the United States. The Corporation operates the most complete common-carrier service by barge offered on the Mississippi, Illinois, Missouri, and Warrior Rivers. All types of freight, except livestock and perishables, are handled on 3,300 miles of inland rivers with 22 boats and 273 barges. Operations are conducted through numerous private terminals, as well as through 21 general-merchandise facilities.

The Corporation is to carry out the policy of Congress of providing transportation services on the Mississippi, Illinois, Warrior, and Missouri Rivers until (a) there shall have been completed navigable channels as authorized by Congress; (b) terminal facilities shall have been provided on such rivers reasonably adequate for joint rail and water service; (c) there shall have been published and filed under the provisions of the Interstate Commerce Act, as amended, such joint tariffs with rail carriers as shall make generally available the privileges of joint rail and water transportation upon terms reasonably fair to both rail and water carriers; and (d) private persons, companies, or corporations engaged in, or are ready to engage in, common-carrier service on such rivers. The Corporation has no specified term of existence. Enabling legislation provides, however, that as soon as the foregoing conditions shall have been met the facilities of the Corporation may be sold or leased to private enterprise when such transfer can be made to the best advantage of the Government.

During the past year disposition of the facilities of the Corporation has been the subject of much discussion, and several bills affecting its future are pending in the Congress. The Select Committee on Small Business of the House of Representatives conducted a series of public hearings throughout the Mississippi Valley to inquire as to the best time and method of disposal of these facilities. Their recommendations are set forth in a report to the Subcommittee on Government Corporations of the Appropriations Committee (H. Rept. No. 1102, 80th Cong., 1st sess.).

The Corporation's originally authorized capital stock of \$5,000,000 was increased in 1928 to \$15,000,000. Of this amount, \$12,000,000 has actually been appropriated through the Secretary of the Treasury and made available to the Corporation. The Corporation has also paid-in surplus of approximately \$8,000,000, consisting of the 1924 appraised value of the equipment and facilities turned over to the

Corporation by the War Department at the time of its creation, adjusted as of June 30, 1947. The propriety of the original appraisal has been questioned often. This adjustment represents the effect of a reappraisal of that portion of the original equipment still in service. Since a reappraisal of the equipment which has since been retired would affect only the "paid-in surplus" and not the depreciated book value, or current commercial value, of the fleet, such an adjustment has not been made. The Corporation has no authority to issue bonds or other long-term debt obligations.

Included in the Corporation's assets is the Warrior River Terminal Company, a wholly owned subsidiary which operates a switching railroad in the area of Birmingham, Ala. To comply with requirements of the Government Corporation Control Act the Warrior River Terminal Company, which is chartered under the laws of Alabama, will be merged with the parent Corporation. Since no legislation is necessary for the merger of the parent and subsidiary corporations, dissolution proceedings have been initiated and all requirements of Alabama law relative to the Company will be satisfied prior to June 30, 1948.

The chartering operations carried on by the Corporation under contract with the Reconstruction Finance Corporation since 1942 will be completed during the fiscal year 1948. No funds are requested for this activity for the fiscal year 1949.

The budget program of the Corporation is summarized in the following tabulation:

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
To acquisition of assets.....	\$2, 871, 000	\$4, 860, 000
To operating costs (excluding depreciation and other charges not requiring funds).....	9, 039, 659	¹ 9, 515, 300
Total funds applied.....	11, 910, 659	14, 375, 300
Funds provided:		
By realization of assets.....	2, 374, 209	45, 000
By income.....	9, 118, 059	11, 325, 200
By capital stock subscription: Appropriations to Commerce Department for purchase of capital stock.....		² 3, 000, 000
By decrease in working capital.....	418, 391	5, 100
Total funds provided.....	11, 910, 659	14, 375, 300

¹ Includes administrative expenses estimated at \$498,800.

² Reduced by committee to \$2,000,000.

At the time the budget program of the Corporation was prepared, nearly a year ago, it was estimated that at June 30, 1948, it would have cash on hand in amount of approximately \$1,000,000. An extremely heavy flood in the summer of 1947 restricted operations drastically and in the early months of the calendar year 1948 extreme icing conditions coupled with floods which resulted in the highest water stage in more than 105 years, materially reducing the operating revenues of the Corporation in the current year. Since a large portion of the expenses

of the Corporation are relatively fixed, the result has been to reduce its cash position at the present time to a very low point. Cash on hand at June 30, 1948, will depend on the extent to which operations can be conducted between now and that time, and can hardly be expected to exceed \$450,000, even under favorable operating conditions in the interim.

As previously indicated, the floating equipment of the Corporation is for the most part antiquated and obsolete, which makes profitable operations extremely difficult. The Corporation will shortly place into experimental operation a river boat called an "integrated tow". After a few months of experimental operation with this equipment to ascertain its practicability for river transportation, the management hopes to add additional barge equipment to its facilities and procure additional "integrated tow" boats. If such equipment proves successful, it is possible that the feasibility of providing common-carrier barge service on inland waterways can be demonstrated in such manner that private capital can be attracted to this operation, thus enabling the Government to get out of the barge business. In view of the fact that legislation to authorize the sale of the barge line is pending, the committee is reluctant to recommend appropriation of the entire request in the budget of \$3,000,000. The amount of \$2,000,000 is recommended for 1949. This sum should enable the Corporation to obtain enough new capital equipment to demonstrate efficient operation and to attract private capital to this enterprise, and also to provide working capital adequate under careful management to maintain the Corporation as a going concern.

This appropriation is recommended in the hope that legislation will be enacted to relax the existing conditions relating to the sale of the Federal Barge Lines and to foster the development of common-carrier barge operations on the Missouri River. It is believed that only with improved floating equipment, such as the integrated tow herein mentioned, can such operations be developed to a point that private operators will be encouraged to render this important service.

In the month of November 1946, a work stoppage occurred in the operations of the Inland Waterways Corporation. Subsequent to the work stoppage, 18 employees of the Corporation, who, according to determinations made by the Department of Commerce, had engaged in a strike against the Government, were permitted to return to work for the Corporation and the Government. The Department of Commerce then determined that these employees should be discharged. Under the provisions of the Government Corporations Appropriation Act of 1947, the Comptroller General of the United States determined that these employees who had engaged in a strike against the Government could not be paid out of funds available to the Inland Waterways Corporation. The committee has been importuned to recommend provision for payment of these 18 employees on account of services actually performed both prior and subsequent to the afore-mentioned strike. The committee requested the views and comments of the Department of Commerce as to the legal as well as the equitable rights of these claimants. A letter dated April 23,

1948, from the Acting Secretary of Commerce which is reproduced in the hearings of the committee, contains the following recommendations:

As this was the first case involving a strike by Government employees under section 305 of the Government Corporations Appropriation Act, 1947, and the full ramifications of the law had not been passed on by the Comptroller General at the time of the strike, and the further fact that the chief purpose of this prohibition has been accomplished by the discharge of the striking employees, this Department recommends congressional authorization permitting payment to these men for the amount due them for work performed and leave accrued.

The committee is completely unable to understand why the Department of Commerce permitted the employees who engaged in a strike against the Government to perform work for a Government agency subsequent to such strike. The employment of these persons, determined to have engaged in a strike against the Government, was not authorized by law and was, to say the least, an improper exercise of judgment by the then Secretary of Commerce. Notwithstanding the technicalities of law and the erroneous decision made at the time by the Department of Commerce, it is clear that the Government has been unjustly enriched by accepting the services of these individuals unless proper compensation is paid to them. Therefore, the committee has provided authority in the accompanying bill, which will permit the Corporation to pay the afore-mentioned persons. This action should in no wise be construed as affecting the status of such employees with respect to future employment by the Government nor as constituting a precedent in the future as an exception to the general provisions incorporated in all appropriation acts prohibiting the employment of persons who strike against the Government or advocate the right to strike against the Government, etc.

TENNESSEE VALLEY ASSOCIATED COOPERATIVES, INC.

This Corporation was incorporated January 25, 1934, under the laws of the State of Tennessee for the purpose of receiving and administering a grant of funds made by the Federal Emergency Relief Administration to the State of Tennessee. The funds were made available to assist in organizing, fostering, and financing a chain of self-help cooperative enterprises in the Tennessee Valley area. Under the terms of the Government Corporation Control Act of 1945, this Corporation ceases to be an instrumentality of the United States on June 30, 1948. Since no sound reason existed for the continuation of this corporate entity, its liquidation was commenced pursuant to Public Law 268, Eightieth Congress, under the supervision of the Secretary of the Treasury.

As of the present date, \$50,000 of the funds of the Corporation has been deposited in the Treasury as miscellaneous receipts, and there is a cash balance on hand of \$4,389. Except for noncumulative preferred stock of two local cooperatives, other assets of the Corporation should be fully liquidated in the near future. In order that the corporate entity may be placed promptly in dissolution, provision has been made in the accompanying bill authorizing the directors of the Corporation to transfer assets, other than real property, to the Secretary of the Treasury to be disposed of at such time and in such

manner as he may determine. The Treasury Department has made commendable progress in liquidating the affairs of this Corporation with Treasury personnel, who have received no additional compensation for work incident thereto. Provision has been made in the bill for administrative expenses up to \$500 in fiscal year 1949 incident to liquidation and dissolution to provide for payment of necessary fees and other expenses. Provision is also made in the bill for expenses of final audit by the Comptroller General. The Secretary of the Treasury should effectuate final liquidation and dissolution of the corporate entity as soon as possible.

THE INSTITUTE OF INTER-AMERICAN AFFAIRS

The Institute of Inter-American Affairs was reincorporated by Public Law 369, Eightieth Congress, approved August 5, 1947. Under the provisions of that act the Institute shall be a nonprofit Corporation and shall have no capital stock. Under further provisions of that act, the Institute has title to and ownership of all the assets, funds, and property—real, personal, and mixed—and all debts, liabilities, obligations, and duties, and all rights, privileges, and powers subject to the restrictions, disabilities, and duties of The Institute of Inter-American Affairs and the Inter-American Educational Foundation, Inc., two of the Delaware corporations created by the Coordinator of Inter-American Affairs.

The purposes of this Corporation are generally to cooperate with the other American Republics in the fields of public health, sanitation, agriculture, and education.

The budget program of the Corporation during the fiscal year 1949 will be on a somewhat reduced scale from the combined programs of the two former corporations during the fiscal years 1947 and 1948. The operating requirements for the fiscal year 1949 were estimated at \$5,332,634 in the budget, as indicated in the following condensed statement of sources and application of funds.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
FUNDS APPLIED		
To acquisition of assets: Purchase of equipment.....	\$66, 250	\$50, 300
To operating expenses:		
Cooperative programs and directly related expenses.....	8, 690, 192	5, 332, 634
Administrative expenses.....	953, 500	980, 000
To retirement of capital.....	37, 770	
To increase in working capital.....	2, 409, 718	
Total funds applied.....	12, 157, 430	6, 362, 934
FUNDS PROVIDED		
By capital contributions and appropriations:		
Contributions by other American Republics ¹	240, 430	560, 000
Appropriations.....	11, 917, 000	
By decrease in working capital.....		5, 802, 934
Total funds provided.....	12, 157, 430	6, 362, 934

¹ Covers only the contributions taken into and disbursed by the Institute of Inter-American Affairs; therefore, does not show entire contribution by the other governments, since such funds are disbursed in most cases directly by the cooperative services.

The budget program for 1949, as indicated in the preceding tabulation, contemplated expenditure of \$6,300,000. Part of these funds were requested in the form of a supplemental estimate in amount of \$3,848,500. The estimate for the fiscal year 1949 consists of a request for authority to enter into contracts up to a limit of \$5,000,000. In reviewing the activities and plans of the Institute, which in substance involve the use of American technicians to train, supervise and co-ordinate the local activities in the respective Latin American nations, implemented by personnel and funds of such nations, it was noted that for nearly 6 years past, the United States has contributed relatively large sums to these activities. The other countries have now reached the point of contributing larger amounts than heretofore. The committee is of the opinion that the mutual interests of the other American Republics and the United States would be better served by having the other American Republics carry the major part of the financial burden of these activities and having the United States supply only key administrative technical and supervisory services. This will permit American personnel to impart their technical and operating know-how to the programs, while at the same time encourage the other countries to stand on their own feet in these activities. Accordingly, the committee is unable to justify to the House the total amount of appropriations and contract authority requested by the Institute in fiscal years 1948 and 1949. By the time the accompanying bill is enacted, the Institute will have virtually no time left before the end of fiscal year 1948 to utilize the appropriation requested for such year. Also, the committee can see no necessity for granting authority to enter into contracts extending for more than 1 year at a time. Therefore, it recommends that no appropriation be made for the fiscal year 1948 and that no contractual authority be granted.

The Institute will have available as of June 30, 1948 approximately \$3,500,000, against which it has contractual commitments in an approximate amount of \$1,500,000, leaving an unobligated balance of approximately \$2,000,000 to carry over into 1949. The committee recommends the appropriation out of the Treasury of an additional amount of \$2,500,000, making available for 1949 a total of \$4,500,000. Provision has been made in the bill which will prohibit the obligation of funds available to the Institute beyond June 30, 1949, in keeping with the committee's afore-mentioned recommendation that the operations of the Institute should be on a year-to-year basis.

Administrative expenses for the coming year are recommended in amount of \$490,000.

SALARY INCREASES

Provision has been made in the bill for increasing the salaries of the Administrator of the Housing and Home Finance Agency and the Governor of the Farm Credit Administration to \$12,000 per annum. These two positions involve large responsibilities which merit an increase above the general governmental salary ceiling of \$10,000 per year, and the increases are recommended by the committee.

LIMITATIONS AND LEGISLATIVE PROVISIONS

The following limitations and legislative provisions not heretofore carried in the bill are recommended:

On page 4, beginning in line 9, under the Institute of Inter-American Affairs:

Provided, That funds made available to the Corporation by this Act and under prior appropriations and not obligated by the Corporation on or before June 30, 1949, shall not be available for obligation after that date and shall lapse pursuant to section 3690 of the Revised Statutes and the Act of June 20, 1874, as amended (31 U. S. C., 712, 713).

On page 9, beginning in line 9, under the Tennessee Valley Associated Cooperatives, Inc.:

Provided further, That the Board of Directors of the Corporation is authorized to transfer to the Secretary of the Treasury title to assets (other than real property) of the Corporation upon certification of the president of the Corporation that such transfer is to the interest of the Government of the United States and the Secretary of the Treasury is authorized to dispose of such assets at such times and in such manner as he may determine.

COMPLIANCE WITH RULE XIII-CLAUSE 2A

The following is submitted in compliance with clause 2A of rule XIII:

EXISTING LAW

Section 66 of Title VI, Public Law 75, Seventy-third Congress, provides in part as follows:

No officer or employee of the Farm Credit Administration engaged in carrying out the provisions of titles I to VI, inclusive, of this Act shall be paid compensation at a rate in excess of \$10,000 per annum.

Section 5 (a) of Reorganization Plan No. 3 of 1947 is as follows:

SEC. 5. HOUSING AND HOME FINANCE ADMINISTRATOR. (a) The Housing and Home Finance Agency shall be headed by a Housing and Home Finance Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$10,000 per annum.

IN PENDING BILL

On page 28, lines 6 to 9, inclusive, section 305 of the general provisions:

SEC. 305. After the date of enactment hereof the salaries of the Governor of the Farm Credit Administration and the Housing and Home Finance Administrator shall be at the rate of \$12,000 per annum.

RESCISSIONS, DIVIDENDS, AND REDUCTIONS IN CORPORATE CAPITAL

Agency and item	Budget estimates, 1949	Recommended in bill, 1949	Bill compared with budget estimates
Housing and Home Finance Agency, veterans' reuse housing program (reseission)	-----	\$7, 650, 000	+\$7, 650, 000
Panama Railroad Company (dividend to U. S. Treasury)	-----	10, 000, 000	+10, 000, 000
Federal Farm Mortgage Corporation (dividend to U. S. Treasury)	¹ \$68, 000, 000	¹ 68, 000, 000	-----
Production Credit Corporations (reduction of corporate capital and return thereof to surplus fund of the Treasury)	¹ 6, 275, 000	¹ 60, 000, 000	+53, 725, 000
Regional Agricultural Credit Corporation (restriction on amount available in 1949 from revolving fund)	-----	19, 400, 000	+19, 400, 000
Total for foregoing items	74, 275, 000	165, 050, 000	+90, 775, 000

¹ Amounts in Budget were tentative, but amounts recommended in bill are specifically required to be paid.

COMPARISON OF APPROPRIATIONS FOR 1948, ESTIMATES FOR 1949, AND AMOUNTS CARRIED IN THE BILL FOR 1949

Corporation or agency	Appropriations, 1948	Budget estimates, 1949	Recommended in bill, 1949	Increase (+) or decrease (-), bill compared with 1948 appropriations	Increase (+) or decrease (-), bill compared with estimates for 1949
Department of Agriculture: Salaries and expenses, Farm Credit Administration	¹ \$561, 000	¹ \$531, 000	\$500, 000	-\$61, 000	-\$31, 000
Department of Commerce: Inland Waterways Corporation	-----	3, 000, 000	2, 000, 000	+2, 000, 000	-1, 000, 000

The Institute of Inter-American Affairs-----	7, 000, 000	2 3, 848, 500	2, 500, 000	-4, 500, 000	-1, 348, 500
Housing and Home Finance Agency:					
Office of the Administrator-----	3 865, 000	910, 000	750, 000	-115, 000	-160, 000
Veterans' reuse housing program-----	35, 500, 000	-----	-----	-35, 500, 000	-----
Public Housing Administration (low-rent contributions)-----	4, 000, 000	6, 200, 000	4, 840, 000	+840, 000	-1, 360, 000
Tennessee Valley Authority-----	18, 700, 000	35, 154, 600	27, 389, 061	+8, 689, 061	-7, 765, 539
Total, appropriated funds-----	66, 626, 000	49, 644, 100	37, 979, 061	-28, 646, 939	-11, 665, 039
Contract authorization; Institute of Inter-American Affairs-----	-----	-----	-----	-----	-5, 000, 000
Total, appropriated funds and contract authorization-----	66, 626, 000	54, 644, 100	37, 979, 061	-28, 646, 939	-16, 665, 039

¹ In addition, there are available to the Farm Credit Administration amounts assessed member institutions for costs of examination and administrative supervision.

² Represents estimate submitted as a 1948 supplemental (H. Doc. 502) for program authorized by Public Law 369 of Aug. 5, 1947, but since the funds are intended for use principally in 1949 the committee has considered the amount as a 1949 estimate. NOTE.—Also, see figure below as to estimate of contract authorization.

³ Includes \$765,000 authorized to be transferred from other accounts by the Government Corporations Appropriation Act, 1948.

ADMINISTRATIVE EXPENSES

[Limitations on amounts of corporate funds to be expended]

Corporation or agency	1948 authorizations	Budget estimates, 1949	Recommended in bill, 1949	Bill compared with amounts authorized for 1948	Bill compared with 1949 budget
Export-Import Bank of Washington-----	\$800,000	\$800,000	\$800,000	-----	-----
Panama Railroad Company-----	750,000	⁴ 715,000	715,000	⁴ --\$35,000	-----
Tennessee Valley Associated Cooperatives, Inc-----	2,500	1,000	500	--2,000	--\$500
Tennessee Valley Authority-----	⁵ 3,873,000	⁵ 3,966,000	3,677,000	--196,000	--289,000
Reconstruction Finance Corporation-----	38,754,700	25,796,000	24,796,000	--13,958,700	--1,000,000
Housing and Home Finance Agency:					
Home Loan Bank Board-----	1,400,000	1,882,000	1,800,000	+400,000	--82,000
Federal Savings and Loan Insurance Corporation--	532,000	635,000	600,000	+68,000	--35,000
Home Owners' Loan Corporation-----	3,250,000	2,500,000	2,250,000	--1,000,000	--250,000
Federal Housing Administration-----	⁶ 20,200,000	19,000,000	19,000,000	--1,200,000	-----
Public Housing Administration-----	11,500,000	11,000,000	9,000,000	--2,500,000	--2,000,000
Department of Agriculture:					
Federal Farm Mortgage Corporation-----	2,750,000	2,160,700	2,000,000	--750,000	--160,700
Federal Intermediate Credit Banks-----	1,250,000	⁷ 1,755,300	⁷ 1,607,500	⁷ +357,500	--147,800
Production Credit Corporations-----	1,600,000	1,602,000	1,350,000	--250,000	--252,000

Regional Agricultural Credit Corporation of Washington, D. C.-----	200, 000	46, 800	46, 800	-153, 200	-----
Department of Commerce:					
Inland Waterways Corporation-----	418, 100	⁸ 498, 800	⁸ 498, 800	+80, 700	-----
Warrior River Terminal Company-----	20, 100	-----	-----	-20, 100	-----
Department of Justice: Federal Prison Industries, Inc.	225, 000	⁹ 302, 000	⁹ 302, 000	⁹ +77, 000	-----
Department of State: Institute of Inter-American Affairs-----	¹⁰ 932, 000	980, 000	490, 000	-442, 000	-490, 000
Total-----	88, 457, 400	73, 640, 600	68, 933, 600	-19, 523, 800	-4, 707, 000

⁴ Net reduction below 1948 amount is attributable to reclassification of certain administrative expenses as direct operating expenses and vice versa. On comparable basis with 1948 amount, 1949 estimate would be \$790,000, or an increase of \$40,000 above 1948.

⁵ Estimated by TVA but not proposed in budget for limitation by law.

⁶ Includes \$200,000 authorized by Urgent Deficiency Appropriation Act, 1948.

⁷ Includes \$107,500 for fiscal 1948.

⁸ Estimate includes activities previously carried under "Administrative expenses, Warrior River Terminal Company."

⁹ Includes \$35,000 for fiscal 1948.

¹⁰ Administrative expense funds of Institute of Inter-American Affairs, Inc., and Inter-American Educational Foundation, Inc., were merged by Public Law 369 of Aug. 5, 1947. Amount of \$932,000 includes \$800,000 authorized by Government Corporations Appropriation Act, 1948 and \$132,000 authorized by the Supplemental Appropriation Act, 1948.

MINORITY VIEWS

We do not find ourselves in full accord with several actions of the majority, but in most instances we have acquiesced to the decision of the majority, even though with reluctance. One decision, however, we cannot accept. That is the complete elimination of the steam generating plant proposed to be constructed by the TVA at New Johnsonville, Tenn. We hold this unfortunate decision by the majority as so clearly contrary to the public interest that we respectfully submit this statement of dissent and request a decision by the entire Congress on this important question.

Whether or not individual Members of Congress believe in the TVA, in consideration of this bill all should keep in mind several facts.

(1) The TVA is an established fact. The Federal Government has invested in the TVA power system approximately \$440,000,000. The TVA real property, its generating system, its distribution system, and its earning capacity, are all owned by the United States. While last year it was provided by this committee that the amount invested in the power system of the TVA should be "repaid" to the Federal Government actually it amounts to a withdrawal of earnings from the TVA because the TVA system in its entirety will still be owned by the Federal Government after the original amount of the investment is returned through the plan set up last year.

(2) The TVA is the sole supplier of power in an area comprising 80,000 square miles, a portion of 7 States and 5,000,000 of our fellow citizens. The growing demands of this area will either be met by this publicly owned utility or for all practical purposes they will not be met. The total load of the consumers served by the 140 municipal and co-operative distributors which purchased power from the TVA has grown by 60 percent since the war and by 1952 it is expected to climb to a level 65 percent above the present level, that is, provided the power is available.

(3) The steam plant, the initial appropriation for which the majority on the committee have denied, is nothing new in the operation of a hydroelectric system or a system which generates most of its electricity by water power and it is not even new for TVA operations. Steam power was used by the private companies and, from the beginning of TVA, steam power has been a vital part of the TVA system. Steam facilities were built at Muscle Shoals in 1918 and together with Wilson Dam were turned over to the TVA by the War Department in 1933. Section 15 of the Tennessee Valley Authority Act clearly contemplates construction of steam plants in the future. In 1939 Congress authorized TVA to purchase the steam as well as the hydro facilities then owned by the private companies then serving the area. In 1940 the hydroelectric capacity of the TVA had increased to the point that Congress authorized TVA to build a steam plant near Watts Bar Dam in Tennessee. It has always been recognized that where hydro power is available for a large part of the year that it is much better business to have a steam plant to operate during the dry months to make the

power firm or dependable on a year-round basis. This gives a much better market and the power will demand a much better price. It was on this basis that the private companies formerly operating in the Tennessee Valley area had steam plants in connection with their hydro facilities. It was in recognition of this principle that the War Department had steam plants in connection with the Wilson Dam. It was on this basis that the Congress of the United States in 1940 provided for the construction of the Watts Bar steam plant by the TVA. Furthermore, because of this undisputed fact, private utility concerns throughout the United States combine steam generating facilities with hydro plants.

While the most desirable ratio between hydro and steam is approximately 75 to 25, the ratio in the Tennessee Valley now, due to increased hydro capacity, has fallen to 84 to 16. In addition to that, the committee in this bill provides for additional hydro capacity of 250,000 kilowatts which will bring about an even more disproportionate and uneconomic ratio between steam and hydro generating facilities.

(4) This additional hydro power can be sold whether it is firmed up or not, but at much less return to the Government if not firmed up. Witnesses for the power companies testified before the committee that they would be glad to get it. Certainly they would because if it is not firmed up by TVA, it will have to be sold at dump rates. As we have stated heretofore, since the TVA belongs to the Government of the United States, it will mean loss to the Government. If the Congress authorizes this steam plant, it will be used to firm up this additional hydro power and will result in an estimated \$2,000,000 per year of additional revenue to the Federal Government. On the other hand, if the Congress does not authorize this steam plant the power companies will buy this power at dump rates, and if they can get the steam capacity, they will firm it up and the \$2,000,000 that should have been received by the Federal Government from the operation of its own agency, the TVA, will be received by the private power companies. You can't blame the power companies for preferring to obtain this hydro power at dump rates, though it is hard to conceive of the Congress showing such poor business judgment as to permit it. The private power industry no longer has any investment in the Tennessee Valley.

Their chief objection to the steam plant must be that they would like to buy this power and firm it up. This they would do if the power companies can provide sufficient steam during the dry months above their normal load to firm up the added hydro power. It is very doubtful that they can have such steam capacity available and, if they cannot, it means less power to a nation with no real present reserve and further the stoppage of further development in the TVA area.

There has been rapid economic development of the Tennessee Valley, but, instead of deploring such development, we hold it an asset to the entire Nation. Indeed, this was one of the fundamental purposes for which Congress created the TVA. It is passing strange that the great success of the TVA in this respect should now be cited as a reason why further development should be denied.

All over this country power demand is reaching up to touch the limits of power supply. Today over the entire Nation there is less than 0.2 of 1 percent of power available above that used. Conserva-

tion measures are being imposed. Industrial developments are discouraged. Production is slowed down. For most areas the power companies are making plans to increase their generating capacity to meet increased needs. In the Tennessee Valley area the Government alone can decide what are to be the limits on available power. The people have no other source of power supply and their welfare rests on the decision of this Congress. While the private power companies themselves are racing to add new facilities in other sections, would they urge the Congress to say that here in the Tennessee Valley alone the ceiling of development has been reached? Just as this area is beginning to catch up with the rest of the country, is the Congress to say to this one region, "This far and no farther can you go."

We urge the Congress to reconsider the backward step recommended by the majority. We find it particularly disturbing at this time in the world's history. For while TVA witnesses appearing before the committee made it clear that the steam plant was proposed to meet strictly normal load growth and was not an estimate of additions which might be required if the security of the Nation were at stake, or if this region is called on to supply power for industries providing materials for our enlarged preparedness programs, we cannot conclude our observations without the comment that a reduction in power capacity below the demands of normal load growth at this time might prove to be calamitous, and compound the problem this country will have to face if it is later discovered that vastly increased amounts of power are urgently required for our national defense.

The Federal Power Commission today says that the entire Nation is short of power; that we have a reserve of less than 0.2 of 1 percent above that used today. What will happen if war should come? We know that increased preparedness has become necessary. We hope it will end there and that war can be avoided. To fail to provide electricity to the utmost is short-sighted, to say the least, and could seriously impair the very safety of our Nation, to say the most. We urge the Congress to review the history respecting TVA and to study the benefits which have accrued to the region from the program of which this power system is a vital part.

We plead with all the earnestness the cause deserves that this Congress shall not set an example which will be taken to mean that this Government is willing to fix a ceiling on the progress of the people anywhere, and in effect require usable, salable power to be sold at reduced rates, adding to the profits of the power companies, perhaps, but at the expense of further development and improvement of the Tennessee Valley and its people, and with the probable result that the Nation as a whole will have less dependable electricity available, needed in peace—necessary in war or in preparedness to prevent war.

GEORGE H. MAHON.
JAMIE L. WHITTEN.
ALBERT GORE.

Union Calendar No. 908

80TH CONGRESS } 2d Session }	HOUSE OF REPRESENTATIVES	{ REPORT No. 1880
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GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1949

MAY 7, 1948.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PLOESER, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 6481]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for Government corporations and certain independent agencies for the fiscal year ending June 30, 1949, and for other purposes.

ESTIMATES

The budget estimates of appropriations for the objects embraced by the bill are contained in the President's budget message, pages 385-389, 953-1146, 1187-1232, and 1243-1275, and House Documents 502 and 573.

SCOPE OF THE BILL

The Government Corporations Control Act of December 6, 1945, as amended, which requires that all wholly owned Government corporations submit annual budgets to the Congress, specifies by name such corporations as were in existence at the time that act became law on December 6, 1945.

The accompanying bill presents to the House the recommendations of the Committee on Appropriations, respecting certain budgets

submitted for the fiscal year 1949, in accordance with the provisions of such act.

The budget submitted for the Virgin Islands Company has not been acted upon inasmuch as its legal succession expires on June 30, 1948. After enactment of legislation to reincorporate the Virgin Islands Company (a bill to this end is now pending), its budget program will be reviewed and reported in a subsequent bill.

Although the succession of the Reconstruction Finance Corporation expires on June 30, 1948, a bill extending its life has already been passed by the Senate and by the House but not finally enacted, and the differences between the two bodies do not materially affect the Corporation's budget program for 1949. The accompanying bill includes provisions authorizing a budget program for the RFC, and any adjustments required by later developments can be made hereafter.

The Commodity Credit Corporation and the Federal Crop Insurance Corporation are in the Department of Agriculture and are so directly related to the programs of the Department that they have been included in the Department of Agriculture appropriation bill, which has already been passed by the House.

In order to indicate the current status of Government corporations with regard to their legal succession and as agencies or instrumentalities of the United States, the following summary tabulation is presented:

Government corporations

Name	Created	Termination date under provisions of existing law or charter
Banks for Cooperatives.....	1933	Indefinite.
Central bank.		
District banks (12).		
Commodity Credit Corporation ¹	Oct. 17, 1933	June 30, 1948. ²
Defense Homes Corporation ¹	Oct. 23, 1940	Indefinite. ³
Export-Import Bank of Washington.....	Feb. 8, 1934	June 30, 1953. ⁴
Federal Crop Insurance Corporation.....	Feb. 16, 1938	Indefinite.
Federal Deposit Insurance Corporation.....	June 16, 1933	Do.
Federal Farm Mortgage Corporation.....	Jan. 31, 1934	Do.
Federal Home Loan Banks (11).....	October 1932	Do. ⁵
Federal Intermediate Credit Banks.....	1923	Do.
Federal Land Banks (12).....	1917	Do.
Federal National Mortgage Association.....	Feb. 10, 1938	Do.
Federal Prison Industries, Inc.....	Dec. 11, 1934	Do.
Federal Savings and Loan Insurance Corporation.....	June 27, 1934	Do.
Home Owners' Loan Corporation.....	June 14, 1933	When purpose accomplished.
Inland Waterways Corporation.....	June 3, 1924	Indefinite.
Institute of Inter-American Affairs.....	Mar. 31, 1942	Aug. 4, 1950. ⁶
Panama Railroad Company ¹	Apr. 7, 1849	Indefinite.
Production Credit Corporations (12).....	1933	Do.
Public Housing Administration.....	Sept. 1, 1937	Do. ⁷
Reconstruction Finance Corporation.....	Jan. 22, 1932	June 30, 1948. ⁸
Regional Agricultural Credit Corporation.....	1932	Indefinite. ⁹
RFC Mortgage Company, The ¹	Mar. 14, 1935	Do. ¹⁰
Tennessee Valley Associated Cooperatives, Inc. ¹	Jan. 23, 1934	Do. ¹¹
Tennessee Valley Authority.....	June 16, 1933	Do.
U. S. Commercial Company.....	Mar. 26, 1942	June 30, 1948. ¹²

See footnotes at end of table, p. 3.

Government corporations—Continued

Name	Created	Termination date under provisions of existing law or charter
Virgin Islands Company, The ¹	Apr. 16, 1934	Indefinite.
War Damage Corporation.....	Dec. 13, 1941	Do. ¹³
Warrior River Terminal Company ¹	Jan. 18, 1926	Do. ¹⁴

¹ These corporations were created by or under the laws of a State, Territory, or possession of the United States or a political subdivision thereof, or under the laws of the District of Columbia, and under the provisions of section 304 (b) of the act of Dec. 6, 1945 (Government Corporation Control Act), 59 Stat. 602, the proper corporate authority of such corporations shall institute dissolution or liquidation proceedings on or before June 30, 1948.

² As an agency of the United States (continued to June 30, 1948, by Public Law 130, approved June 30, 1947, 61 Stat. 201). Delaware charter provides for perpetual existence.

³ In process of liquidation.

⁴ Except for purposes of liquidation (Public Law 89, approved June 9, 1947, 61 Stat. 130).

⁵ The Portland, Oreg., and Los Angeles, Calif., banks were merged into the San Francisco, Calif., bank, effective Mar. 29, 1946.

⁶ Public Law 369, approved Aug. 5, 1947, created the Institute of Inter-American Affairs as an agency of the United States to have succession for a period of 3 years unless sooner dissolved by an act of Congress.

⁷ Formerly Federal Public Housing Authority. Reorganization Plan No. 3 of 1947, dated May 27, 1947, created the Housing and Home Finance Agency and consolidated therein the Federal Public Housing Authority, to be administered as the Public Housing Administration by a Public Housing Commissioner under the direction and supervision of the Housing and Home Finance Administrator.

⁸ The succession of the Corporation was extended through June 30, 1948, pursuant to Public Law 132, approved June 30, 1947, 61 Stat. 202.

⁹ In process of liquidation.

¹⁰ Pursuant to Public Law 132, approved June 30, 1947, 61 Stat. 202, all assets, liabilities, documents, books of account, and records of the Company were transferred to RFC, and formal action to secure a certificate of dissolution is in process.

¹¹ Pursuant to Public Law 268, approved July 30, 1947, 61 Stat. 574, the TVAC is in process of liquidation under the direction and supervision of the Secretary of the Treasury.

¹² The succession of the Company was extended through June 30, 1948, by Public Law 132, approved June 30, 1947, 61 Stat. 202.

¹³ The Corporation terminated, except for purposes of liquidation, June 30, 1947, by authority contained in Public Law 656, approved Aug. 7, 1946, 60 Stat. 901.

¹⁴ Application for merger with Inland Waterways Corporation has been filed with the Interstate Commerce Commission.

The following statement presents in round figures the net withdrawals from the Treasury of all wholly owned Government corporations, with the exception of the Commodity Credit Corporation and the Federal Crop Insurance Corporation (not included in this bill) as submitted in the budget for 1949.

Net withdrawals from U. S. Treasury by wholly owned Government corporations and credit agencies (excludes Commodity Credit and Federal Crop Insurance Corporations) by fiscal years

[In millions]

	Actual, 1947	Estimate, 1948	Estimate, 1949
Budgetary expenditures.....	\$1,754	\$260	\$498
Adjustment for cancellation of notes of Reconstruction Finance Corporation and Home Owners' Loan Corporation for transfer of assets to other Government agencies.....		685	
Total.....	1,754	945	498
Less budgetary receipts.....	878	566	381
Add net redemption of obligations to the public (trust account expenditures).....	8	8	4
Net withdrawals from U. S. Treasury.....	884	387	121

The following is a consolidated statement of the funds received and expended by such corporations for the fiscal years 1947, 1948, and 1949:

Sources and application of funds (excludes Commodity Credit and Federal Crop Insurance Corporations) by fiscal years

[In millions]

	Actual, 1947	Estimate, 1948	Estimate, 1949
FUNDS APPLIED			
To acquisition of assets:			
To make loans.....	\$3,018	\$2,426	\$2,164
purchase investments.....	55	38	28
add to fixed assets.....	431	183	82
acquire other assets.....	7	22	26
To operating costs:			
To pay cost of commodities sold.....	1,088	483	282
pay other operating expenses.....	423	401	268
pay subsidies and contributions.....	219	28	6
To retirement of borrowing and capital:			
To retire obligations to U. S. Treasury.....	1,017	496	156
retire obligations to the public.....	523	797	895
return capital and pay dividends.....	711	345	246
cancel notes due to U. S. Treasury.....		695	9,330
To increase working capital.....	-276	-29	-3
Total.....	7,216	5,885	13,480
FUNDS PROVIDED			
By realization of assets:			
By repayment of loans.....	1,818	1,781	1,685
sales of investments.....	134	90	58
sales of fixed assets, etc.....	544	162	177
transfer of assets to other agencies for cancellation of notes due U. S. Treasury.....		685	
By operating income.....	1,633	973	710
By borrowing and capital:			
By borrowing from U. S. Treasury.....	2,079	1,064	600
borrowing from the public.....	627	835	909
new capital and paid-in surplus.....	331	4	10
appropriation.....	58	64	35
cancellation of notes due U. S. Treasury.....		10	9,330
By decrease in working capital.....	-8	217	-34
Total.....	7,216	5,885	13,480

The following is a consolidated balance sheet of all such corporations as of June 30, 1947, 1948, and 1949:

Financial condition as of June 30, 1947, 1948, and 1949 (excludes Commodity Credit and Federal Crop Insurance Corporations)

[In millions]

	Actual, 1947	Estimate, 1948	Estimate, 1949
ASSETS			
Loans receivable.....	\$4,796	\$4,753	\$5,227
Lands, structures, and equipment.....	2,718	2,268	1,771
Commodities and supplies.....	390	116	80
Investments.....	691	635	607
Cash.....	402	166	155
Appropriated funds.....	200	189	255
Advances and accounts receivable.....	471	146	110
Other assets.....	47	56	64
Total assets.....	9,715	8,329	8,269
LIABILITIES AND CAPITAL			
Bonds, debentures, and notes payable.....	11,890	11,779	2,903
Other liabilities.....	758	454	647
Operating reserves.....	28	5	6
Total liabilities.....	12,676	12,238	3,556
Paid-in capital and surplus.....	3,002	2,901	2,823
Earned surplus (or deficit) ¹	1 5,963	1 6,810	1,890
Total liabilities and capital.....	9,715	8,329	8,269

¹ Deduct.

The committee desires to call attention to the borrowing authority of Government corporations, which as of December 31, 1947, amounted to \$29,500,000,000. The amount outstanding against such authority, at December 31, 1947, was \$11,900,000,000. Thus, under certain conditions, it is possible for corporate agencies of the Government to draw upon the Treasury of the United States for many millions of dollars without prior review by the Congress on a current basis.

The following tabulation was compiled by the Treasury Department:

Borrowing power and outstanding obligations of corporations¹ of the United States Government as of Dec. 31, 1947

Corporation	Authorized borrowing power	Outstanding obligations
Banks for cooperatives: ²		
Central Bank for Cooperatives:		
Debentures.....	\$697,414,588.05	
Bonds, notes and rediscounts.....	(3)	\$81,424,633.39
District banks for cooperatives.....	(3)	32,097,598.58
Commodity Credit Corporation.....	4,750,000,000.00	555,607,602.43
Defense Homes Corporation (in liquidation).....	42,441,341.16	42,383,341.16
Export-Import Bank of Washington.....	2,500,000,000.00	728,350,000.00
Federal Deposit Insurance Corporation.....	3,000,000,000.00	
Federal Farm Mortgage Corporation.....	2,000,000,000.00	2,118,200.00
Federal home loan banks: ²		
Bonds and notes.....	2,844,682,458.96	261,700,000.00
Debentures.....	1,128,348,875.00	5,000.00
Federal intermediate credit banks.....	941,591,476.90	357,870,000.00
Federal National Mortgage Association.....	13,772,345.91	
Federal Savings and Loan Insurance Corporation.....	(3)	
Home Owners' Loan Corporation (in liquidation):		
Guaranteed as to principal and interest.....	1,707,902,225.00	447,355,775.00
Guaranteed as to interest only.....	107,200.00	107,200.00
Inland Waterways Corporation.....	2,967,968.21	
Panama Railroad Company.....	7,000,000.00	
Public Housing Administration (U. S. Housing Act).....	725,692,000.00	347,002,000.00
Reconstruction Finance Corporation.....	9,161,254,930.26	9,161,254,930.26
Regional Agricultural Credit Corporation of Washington, D. C.....	(3)	
Tennessee Valley Associated Cooperatives, Inc. ⁸	(3)	
Tennessee Valley Authority:		
Guaranteed.....	56,500,000.00	56,500,000.00
On credit of United States.....		
U. S. Commercial Company.....	170,795,993.07	155,773,226.87
Virgin Islands Company, The:		
From Secretary of the Treasury.....	250,000.00	250,000.00
Others.....	(3)	359,302.00
Warrior River Terminal Company, Inc.....	(3)	
Total.....	29,750,721,402.52	12,230,158,809.69
Less: Intercorporate items:		
Defense Homes Corporation (due RFC).....	42,441,341.16	42,383,341.16
Central Bank for Cooperatives (due FICB).....		30,424,633.39
District banks for cooperatives (due FICB).....		14,109,152.48
U. S. Commercial Company (due RFC).....	170,795,993.07	155,773,226.87
Net total.....	29,537,484,068.29	11,987,468,455.79

¹ Corporations not included in this statement have no provision for borrowing authority. The Federal land banks are excluded because subsequent to June 26, 1947, the United States has no proprietary interest in any Federal land bank.

² Represents mixed-ownership corporations.

³ No amount stated.

⁴ Represents amounts of loans outstanding plus undisbursed commitments under loan authorization by RFC.

⁵ While no change was made in the rules and regulations for the Federal Home Loan Bank System pertaining to the issuance of consolidated Federal home loan bank debentures, no further issuance of such debentures is contemplated. The authority to issue bonds and notes will be nullified if the authority to issue debentures is availed of again. The amount of \$5,000 unretired debentures is matured and cash for the redemption has been deposited with the U. S. Treasury.

⁶ In addition, the Corporation has authority to issue bonds for refunding of outstanding bonds. The authority of the Corporation to make new loans expired June 12, 1936.

⁷ Public Law 132, approved June 30, 1947, effective July 1, 1947, amended the RFC Act to provide for borrowing from the Secretary of the Treasury sufficient to carry out its functions.

⁸ Corporation is in liquidation and borrowing power will not be used.

⁹ Figures 1 as of June 30, 1947, the latest available.

NEED FOR THE GOVERNMENT CORPORATION CONTROL ACT

While much of the total authority of Government corporations to borrow funds is subject to certain restrictions, the foregoing tabulation is an indication of the staggering degree to which the Congress has delegated its constitutional authority to appropriate public funds and obligate the credit of the United States. Opinions have been voiced by some who believe that certain practices involving Government corporations constitute a circumvention of congressional appropriation procedures adopted to implement the basic concept expressed in article I, section 9, of the Constitution, as follows:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law * * *.

It is further provided by law that—

No act of Congress passed after June 30, 1906, shall be construed to make an appropriation out of the Treasury of the United States * * * unless such act shall in specific terms declare an appropriation to be made * * * (31 U. S. C. 627).

The use of the corporate form by the Federal Government to execute governmental functions of a commercial character is not a recent development. The first use of a corporation by the Government occurred in 1781 when the Bank of North America was established. The next two corporations were likewise banks, the First Bank of the United States (1791) and the Second Bank of the United States (1816). The latter bank became involved in the case of *McCulloch v. Maryland* (4 Wh. 316 (1819)) in which the Supreme Court held that a Government corporation is a constitutional means of carrying into effect the legitimate powers of the Federal Government.

Although the constitutionality of the corporate form had been thus established, little use was made of this type of organization prior to World War I. The Panama Railroad Company (incorporated in New York in 1849) was the first instance of complete Government ownership and operation of a business corporation; all stock and property in this then privately owned and operated company were acquired incidentally to purchase of property and rights in the Canal Zone by the United States pursuant to the act of 1902. There were no other such Government corporations until the start of World War I.

During 1917 and 1918, 19 corporations were created by or under Federal legislation, a number of them for the purpose of aiding in the war effort.

At June 10, 1921, the date of enactment of the Budget and Accounting Act, there were 19 Government corporations in existence.

The Inland Waterways Corporation was incorporated in the District of Columbia in 1924.

The 1930's, including the economic-emergency period, contributed a large number of Government corporations. The more important corporations created during this period were Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, Export-Import Bank, Commodity Credit Corporation, the Virgin Islands Company, Federal Prison Industries, Tennessee Valley Authority, 15 corporations of the National Housing Agency (Housing and Home Finance Agency) group, and 38 corporations of the Farm Credit Administration group.

86 GOVERNMENT CORPORATIONS

The major corporations created during the 1940's, including the World War II period, were certain subsidiaries of Reconstruction Finance Corporation (Defense Plant Corporation, Defense Supplies Corporation, Metals Reserve Company, and War Damage Corporation), U. S. Commercial Company, Smaller War Plants Corporation, the inter-American affairs corporations, Petroleum Reserve Corporation, Rubber Reserve Company, and Rubber Development Corporation. Some of the corporations that had been created during the 1930's were also of immense aid in the war effort. There are 86 Government corporations in existence at present, the majority of which are engaged in business activities, including production, transportation, power, housing, insurance, and banking.

Government corporations have had a continuing and ever-increasing effect on the financial structure of the country and the Government. During the period beginning with the passage of the Budget and Accounting Act on June 10, 1921, up to 1945, the corporations were not subject to over-all financial coordination and control, or control of activities comparable to those provided by that act for the regular Government departments and establishments. At the time of the passage of the Budget and Accounting Act, the effect of the financial transactions of the then existing Government corporations upon the over-all Government financial structure was not too significant; no action was taken to include corporations within the scope of that act.

The increase in the number of Government corporations up to 1945 has been accompanied by a correspondingly greater influence upon the national fiscal structure. This is indicated by the fact that the budget of the United States Government for the fiscal year 1949, now under consideration, contains an estimated income of \$2,982,000,000 and estimated expenses of \$3,677,000,000 for wholly owned corporations and related unincorporated credit agencies for that fiscal year. According to the March 15, 1948, issue of the daily statement of the United States Treasury, total assets of corporations of the United States Government as at December 31, 1947, approximated \$10,599,000,000, and total liabilities, \$13,877,000,000, before adjustment of the results of the war programs of Reconstruction Finance Corporation.

APPROPRIATION AND AUDIT CONTROL

For more than a decade, the legislative and executive branches have become increasingly aware of the fact that the Government's financial programs could not be effectively coordinated without some control over Government corporations. However, it was also widely recognized that employment of the corporate device by the Government has been justified by the need for a high degree of autonomy and flexibility in conducting programs involving activities of a business nature.

Even though certain actions were taken from time to time by the President and by the Congress to create some measure of financial control over the Government corporations, the pattern of control was far from uniform, often without regard to the real needs of the situation or the relation of the corporation to the general financial

program of the Government. Examples of attempted controls were as follows:

(a) Executive Order 6549, January 3, 1934, directed that accounts of all receipts and expenditures by governmental agencies, including corporations, created after March 3, 1933, the accounting procedure for which was not otherwise prescribed by law, be rendered to the General Accounting Office for settlement and adjustment under the Budget and Accounting Act. However, shortly thereafter, many corporations were exempted from that order.

(b) Since 1935, Executive orders have been issued from time to time requesting certain Government corporations to submit annual estimates of their administrative expenses to the Director of the Bureau of the Budget for approval.

(c) The First Deficiency Appropriation Act, 1936 (49 Stat. 1647), contained a requirement in section 7 that certain agencies named therein, including corporations, should not incur any obligations for administrative expenses after June 30, 1937, except pursuant to a specific annual appropriation.

(d) The Tennessee Valley Authority, Federal Crop Insurance Corporation, and Commodity Credit Corporation were required by specific statute to be audited under a special type of audit suited to the corporate form of activity.

Due to the lack of uniformity which then existed, the annual budgets submitted to the Congress by the President were incomplete, as were the audits conducted by the General Accounting Office. In many cases voluntary cooperation on the part of the Government corporations had to be depended upon by the Treasury Department in its administration of the general fiscal program of the Government.

The Joint Committee on Reduction of Nonessential Federal Expenditures studied for nearly 2 years the complex problems stated herein and reported thereon in Senate Document No. 227, Seventy-eighth Congress. As a consequence, bills were introduced in both Houses of Congress embodying the recommendations of the report and designed to establish financial control over Government corporations by the Congress, the President through the Bureau of the Budget, the Treasury Department, and the General Accounting Office, with due regard to the need for flexibility in the operations of such corporations. Hearings were held on this legislation, and its objectives were endorsed by the Comptroller General of the United States, the Director of the Bureau of the Budget, and Treasury Department representatives.

AUDIT REVIEW

Public Law 4, approved February 24, 1945 (59 Stat. 6), for the first time brought all Government corporations under a commercial-type audit by the General Accounting Office for the purpose of reporting to the Congress.

Further congressional action resulted in the enactment of Public Law 248, approved December 6, 1945, which is cited as the "Government Corporation Control Act." Section 2 of the act contains the congressional declaration of policy, as follows:

It is hereby declared to be the policy of the Congress to bring Government corporations and their transactions and operations under annual scrutiny by the Congress and to provide current financial control thereof.

The act provides the means for effective control by the Congress over the Government corporations through a systematic procedure for consideration and action on their contemplated programs in the form of business-type budgets to be included in the annual budget submitted by the President and through a commercial-type audit and report to the Congress by the Comptroller General including comments on their compliance with congressional directives and restrictions. It also requires approval by the Secretary of the Treasury of the depositories, financing, and Government-security transactions of all Government corporations except certain farm-credit institutions. It prohibits the creation of any Government corporation to act as an agency or instrumentality of the United States except by or pursuant to action of the Congress and requires those now operating under State charters to institute dissolution or liquidation proceedings on or before June 30, 1948, subject to reincorporation by act of Congress.

The budget provisions apply only to the wholly owned Government corporations, but the audit and Treasury provisions apply also to the mixed-ownership Government corporations in which part of the capital stock is owned by the United States and part by borrowers or other private holders. The corporations subject to the act are listed therein.

FISCAL CONTROLS

After consultation with the General Accounting Office and others with respect to the fiscal practices of the corporations and the methods followed in financing their operations, the following principles are suggested as necessary to retaining within the power of the Congress adequate control:

All funds supplied to a corporation, with few exceptions, should be obtained from a single source—namely, the United States Treasury—after being covered by appropriations made in advance by Congress, and a receipt should be given for funds received.

Funds in excess of reasonable current requirements should be returned to the Treasury without delay. After all funds advanced have been returned, except for a nominal amount retained as evidence of ownership, excess funds should be considered as dividends and covered into the Treasury as miscellaneous receipts.

Government corporations should not be allowed to retain reserve funds. (Insurance-type activities and perhaps a few others may be exceptions.)

Operations undertaken for the account of other Government agencies (only for those having authority and appropriations to cover the purpose) should be on a break-even basis and covered by definitive contracts or other agreements which would include provisions for prompt and regular reimbursements to, or settlements with, the corporation for its costs.

Government corporations should be required to go to the Congress in advance for appropriations to cover loss or subsidy programs.

Corporations should be required to pay interest periodically on the entire investment of the Government therein, represented by net funds advanced by the Treasury including the reasonable value at the date of transfer of any assets, less liabilities, transferred (other than by sale, or for stand-by, surplus disposal, or other nonuse purposes) from other agencies of the Government, or minus the value of

such net assets transferred to other Government agencies. Such interest should be at rates calculated annually in advance by the Treasury as required to reimburse it for its costs. This procedure will result in the accounts of the corporations reflecting more nearly the cost to the Government of the programs undertaken.

Corporations should also pay, and reflect in their costs of operation, their fair share of the cost to the Government of the civil-service retirement and disability system, employees' compensation for service-connected injuries, and any other similar or significant benefits.

Programs or any operations which involve unrevealed subsidies should be clearly reflected in the accounts of the corporations and in their financial or other reports to the Congress.

ASSISTANCE BY THE COMPTROLLER GENERAL

The committee has received—and is grateful for—splendid assistance from representatives of the Comptroller General who have been engaged in auditing the books and accounts of the corporations and who, as a result of such audits, have secured a great deal of valuable information with respect to them. While the law requires that the audit reports be submitted to the Congress not later than January 15 of each year it is understandable that the reports for the first 2 years would be delayed on account of the difficulties attendant upon establishing a new system. The committee is glad to note that determined efforts are being made to bring this work up to date so that hereafter the reports should be available in ample time for the committee's consideration.

TENNESSEE VALLEY AUTHORITY

The Tennessee Valley Authority is a corporation created by act of Congress on May 18, 1933. It was established—

to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes.

The following statement, quoted from the President's budget message for the fiscal year 1948, summarizes the specific congressional authority granted to the Authority—

To accomplish these purposes the Corporation was specifically authorized to construct such dams and reservoirs in the Tennessee River and its tributaries as will provide and maintain a 9-foot channel in the river from Knoxville to its mouth and will best serve to promote navigation on the Tennessee River and its tributaries and control destructive floodwaters in the Tennessee and Mississippi drainage basins. Insofar as may be consistent with these navigation and flood-control objectives, it was directed to provide and operate facilities for the generation and sale of electric energy.

The Tennessee Valley Authority is financed by direct appropriations from the Treasury and by proceeds from its operations, principally the sale of power and fertilizer materials. Funds to cover expenses of navigation and flood-control operations, fertilizer research, resource development activities, and for capital plant additions such as structures, equipment, land, and under varying criteria electric generating equipment are requested in the form of direct appropriations. The budget program of the Authority contemplates the use of proceeds from its operations to finance the purchase and installation of hydro-

turbines and electric generators and operation of dams and reservoirs; to conduct the business of generating, transmitting, and distributing electric energy (construed by TVA to include acquisition of electric generating facilities), including purchase and installation of power transmission lines, and in manufacturing, selling, and distributing fertilizer and fertilizer ingredients.

The budget presented to the Congress for 1949, as summarized in the following condensed statement of sources and application of funds, anticipates the use of \$35,654,600 of funds directly appropriated from the Treasury, of which \$500,000 is carried forward from prior years, resulting in a net estimated new appropriation of \$35,154,600, and \$71,697,000 to be made available from the sale of electric power, fertilizer production, and other operations.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949 (as estimated in budget)

	Estimate, 1948	Estimate, 1949
FUNDS APPLIED		
From appropriated funds:		
To acquisition of assets.....	\$26,511,521	\$28,947,600
To expenses.....	7,346,000	7,297,000
Adjustment for depreciation charged to construction and clearing ac- counts.....	1,600,000	1,600,000
To increase in working capital.....	506,000	10,000
Total appropriated funds applied.....	33,763,521	35,654,600
From corporate funds:		
To acquisition of assets.....	29,270,000	29,139,000
To expenses.....	39,050,000	39,461,000
To retirement of borrowings and capital.....	2,500,000	2,500,000
To payment to U. S. Treasury (sec. 26).....	8,000,000	750,000
To increase in working capital.....	8,897,930	6,192,930
Total corporate funds applied.....	87,717,930	78,042,930
Total funds applied.....	121,481,451	113,697,530
FUNDS PROVIDED		
From appropriated funds sources:		
New appropriation.....	18,700,000	35,154,600
Unobligated balance forward.....	15,063,521	500,000
Total appropriated funds provided.....	33,763,521	35,654,600
From corporate fund sources:		
By realization of assets.....	1,584,000	3,317,000
By income.....	64,915,000	66,939,000
By balance from prior year.....	21,218,930	7,786,930
Total corporate funds provided.....	87,717,930	78,042,930
Total funds provided.....	121,481,451	113,697,530

¹ Deduct.

DIRECT APPROPRIATIONS—CAPITAL EXPENDITURES

The following tabulation reflects the recommendations¹ of the committee with respect to the appropriated funds requested:

Direct appropriation recommended for fiscal year 1949

Program or activity	Budget esti- mate ¹	Recom- mended by committee	Increase (+), or decrease (—)
For assets:			
Upper Holston projects.....	\$15,142,000	\$15,142,000	-----
Additions and betterments to completed projects.....	1,378,000	1,176,000	—\$202,000
Navigation facilities.....	480,000	480,000	-----
Power facilities.....	4,000,000	-----	—4,000,000
Investigations for future projects.....	96,000	96,000	-----
Chemical facilities.....	3,551,000	2,337,000	—1,214,000
Facilities and equipment for general use.....	3,389,600	2,458,000	—931,600
Norris and Wilson villages.....	23,000	-----	—23,000
Total for assets.....	28,059,600	21,689,000	—6,370,600

See footnotes at end of table, p. 12.

Direct appropriation recommended for fiscal year 1949—Continued

Program or activity	Budget estimate ¹	Recommended by committee	Increase (+), or decrease (—)
For expenses:			
Fertilizer and munitions research and development.....	\$1,367,000	\$1,134,000	—\$233,000
Resource development activities.....	5,150,000	4,265,000	—885,000
Navigation operations.....	257,000	257,000	-----
Flood control operations.....	52,000	52,000	-----
Administrative and general expenses.....	1,260,000	992,061	—267,939
Operation of Norris and Wilson villages.....	99,000	100,000	+1,000
Total for expenses.....	8,185,000	6,800,061	—1,384,939
Total for assets and expenses.....	36,244,600	28,489,061	—7,755,539
Funds available from prior years and depreciation and clearing adjustment.....	—1,100,000	—1,100,000	-----
Working capital adjustment.....	+10,000	-----	—10,000
New appropriation.....	35,154,600	27,389,061	—7,765,539

¹ Revised to show administrative and general expenses and deficit of Norris and Wilson Villages as separate items.

The amount of \$15,142,000 which is requested for the construction of the Watauga Dam and the South Holston Dam is recommended in full by the committee. These dams, which are currently under construction, are in furtherance of the basic provisions of the TVA Act and are entirely justified.

The amount requested for additions and betterments to completed multiple-use projects has been reduced by the committee in amount of \$202,000 to \$1,176,000, as the estimate includes certain activities which can be curtailed or deferred.

The committee recommends approval of \$480,000, the amount requested in the budget, for capital expenditures for navigation facilities. This item provides for dredging canals, dike construction, lock improvements, and other improvements related to navigation.

PROPOSED STEAM PLANT

Of the total appropriation requested by the TVA, \$4,000,000 is sought for beginning construction of a steam plant for generating electricity, the total ultimate cost of which would approximate \$84,000,000, including auxiliary appurtenances for its operation. The justification offered for the construction of such a generating plant, as testified in hearings by the Chairman of the TVA, is based upon alleged obligations of the TVA to supply all power demands, no matter how great, of the Tennessee Valley area.

Testimony of officials of TVA further indicates that the Authority recognizes that although substantial additional power can be generated by installation of new hydro-generators, it is approaching the limit of the amount of electricity which can be generated by water power harnessed primarily for purposes of flood control and navigation.

The proposal to construct this steam plant is based upon the recognition of these two factors, and is intended to provide additional generating capacity to meet the currently estimated requirements of the foreseeable future for electric power in the Tennessee Valley area.

QUESTION OF LEGISLATIVE INTENT

This appears to the committee to raise a fundamental question as to the extent of the authority intended to be conferred upon the TVA.

Sections 9a and 10 of the TVA Act, as amended, are as follows [emphasis supplied]:

SEC. 9a. The Board is hereby directed in the operation of any dam or reservoir in its possession and control to regulate the stream flow primarily for the purposes of promoting navigation and controlling floods. So far as may be consistent with such purposes, the Board is authorized to provide and operate facilities for the generation of electric energy at any such dam for the use of the Corporation and for the use of the United States or any agency thereof, and the Board is further authorized, whenever an opportunity is afforded, to provide and operate facilities for the generation of electric energy in order to avoid the waste of water power, to transmit and market such power as in this act provided, and thereby, so far as may be practicable, to assist in liquidating the cost or aid in the maintenance of the projects of the Authority. [49 Stat. 1076.]

SEC. 10. The Board is hereby empowered and authorized to sell the surplus power not used in its operations, and for operation of locks and other works generated by it, to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies hereinafter set forth; and to carry out said authority, the Board is authorized to enter into contracts for such sale for a term not exceeding twenty years, and in the sale of such current by the Board it shall give preference to States, counties, municipalities, and cooperative organizations of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members: *Provided*, That all contracts made with private companies or individuals for the sale of power, which power is to be resold for a profit, shall contain a provision authorizing the Board to cancel said contract upon five years' notice in writing, if the Board needs said power to supply the demands of States, counties, or municipalities. In order to promote and encourage the fullest possible use of electric light and power on farms within reasonable distance of any of its transmission lines the Board in its discretion shall have power to construct transmission lines to farms and small villages that are not otherwise supplied with electricity at reasonable rates, and to make such rules and regulations governing such sale and distribution of such electric power as in its judgment may be just and equitable: *Provided further*, That the Board is hereby authorized and directed to make studies, experiments, and determinations to promote the wider and better use of electric power for agricultural and domestic use, or for small or local industries, and it may cooperate with State governments, or their subdivisions or agencies, with educational or research institutions, and with cooperatives or other organizations, in the application of electric power to the fuller and better balanced development of the resources of the region [48 Stat. 64]: *Provided further*, That the Board is authorized to include in any contract for the sale of power such terms and conditions, including resale rate schedules, and to provide for such rules and regulations as in its judgment may be necessary or desirable for carrying out the purposes of this Act, and in case the purchaser shall fail to comply with any such terms and conditions, or violate any such rules and regulations, said contract may provide that it shall be voidable at the election of the Board: *Provided further*, That in order to supply farms and small villages with electric power directly as contemplated by this section, the Board in its discretion shall have power to acquire existing electric facilities used in serving such farms and small villages: *And provided further*, That the terms "States", "counties", and "municipalities" as used in this Act shall be construed to include the public agencies of any of them unless the context requires a different construction. [49 Stat. 1076.]

It clearly appears from section 10 that Congress intended that the electric power incidentally derived from the flood control and navigation facilities should be used primarily for the benefit of States, counties, municipalities, and cooperative organizations of citizens and farmers.

STEAM PLANT UNNECESSARY FOR MUNICIPALITIES AND COOPERATIVES

It appears equally clear from the testimony before the committee that there will be available from present and prospective generating facilities without the proposed steam plant an entirely adequate supply of power for the foreseeable demands of these preferred classes

of customers. In other words, there is no necessity whatsoever for the installation now or in the foreseeable future of the proposed steam plant so far as the preferred class of customers is concerned. In fact, at the present time less than a third of the power generated by TVA is used by the preferred customers. The balance is sold to industrial users and private public utility companies, including such companies as the Aluminum Co. of America, the Monsanto Chemical Co., Victor Chemical Works, Reynolds Metal Co., etc.

NO OBLIGATION TO SUPPLY INDUSTRIES

Heretofore the officials of the Authority recognized that the principal purpose of the act, so far as electric power was concerned, was to supply such power as might be available to the preferred classification of customers in the area. Former Chairman Lilienthal, testifying before the Joint Committee on the Investigation of TVA in July 1938, stated [emphasis supplied]:

Yet it is a part of our job to dispose of all of this power not 20 or 30 years from now, but as soon as possible and, so far as possible, every year during the life of the plants. That means that some method must be found of disposing of power for relatively short periods pending the growth of load by our municipal and cooperative customers. The only solution is sale to industrial and utility customers, that we have been able to devise. * * *

We have been successful in so staggering our contracts that I believe we have in large part solved the problem of reserving power for the growth of our municipal and cooperative customers without presently wasting the power so reserved. I hope that is clear. * * *

And I think, and I think most people feel it was remarkably good fortune that they succeeded so well in handling this very difficult situation of getting revenues as we go along and yet having blocks of power that we can cut off in the years to come to take care of the priority customers' increased needs in the future.

* * * Now, with a utility this situation of having to be ready to supply an increased demand by existing customers under a long-term contract presents no problem, no serious problem, because it simply constructs additional plants as they may be needed from time to time.

* * * With the Authority the situation is different, and the problem is acute. Generally speaking, we build our dams when and as required for the purposes of navigation and flood control, and not as market conditions for the power may dictate, and also subject to the general policies of the country with respect to public works for unemployment relief purposes.

It is quite apparent from the remarks of Mr. Lilienthal that he did not recognize an unlimited obligation to meet all the demands of all of the power users in the valley, municipal, cooperative, and industrial.

It is a far cry from that position to the position taken by the present officials of the Authority to the effect that TVA is under obligation to meet all of the power requirements of the valley, industrial as well as the preferred municipal and cooperative users, even though to meet such demands it becomes necessary to construct steam generating facilities wholly apart from, and having nothing to do with, navigation or flood control.

It is this radical change of position that presents the fundamental issue now before the House.

The committee is in serious doubt as to whether the act sustains the position taken by TVA, to wit, that it is authorized and has the obligation to supply all of the electric power demands in the region, even though such demands exceed the production available from authorized water-power facilities.

Interrogation by the committee as to what constitutes the basis of the conclusion that Congress intended that the Tennessee Valley Authority should be "the exclusive producer of [electric] power" in the Tennessee Valley elicited the following statement by the Chairman of the TVA—

* * * when we entered into these contracts with the municipalities and rural electric cooperatives and when the Congress authorized bonds for the major acquisitions which resulted in the elimination of the remaining large utilities in that region, it certainly carried with it the implication that the municipalities and the rural electric cooperatives and in fact the economy of the region, was to look to the TVA, for the Federal Government, as the substitute for what had heretofore been the source [of electric energy], the private utility.

The Chairman of TVA stated, with respect to the congressional authorization for the issuance of bonds to finance acquisition of certain utilities in the TVA area—

That certainly was recognition that the TVA power system was to take on the responsibilities of supplying that region, including the industrial customers.

In recommending the bill to which the Chairman of TVA refers, however, the Senate Committee on Agriculture in its report stated:

The purchase of the properties involved in this tentative sale would bring to the municipalities of a large section of Tennessee Valley the cheap electric rates of the TVA and thus save the citizens of more than 100 municipalities millions of dollars in the purchase price of electric current.

Evidently the Senate committee did not have in mind the supplying of cheap power to great industrial companies well able to provide their own power.

Counsel for the Tennessee Valley Authority testified—

* * * I think * * * there can be no question as to TVA's statutory authority, and indeed we have constructed a steam plant under this [TVA] act.

Presumably, the general counsel of TVA was referring to the construction of the Watts Bar steam plant, for which funds were appropriated by Public Resolution 95, Seventy-sixth Congress.

That appropriation by terms of the resolution was made—

for the Tennessee Valley Authority * * * to provide facilities to expedite the national defense.

In order that there should be no ambiguity as to the intent of that joint resolution, the committee report thereon, on page 2, contains the following unequivocal statement [emphasis supplied]:

There should not be any confusion in the public mind with respect to this proposal for the Tennessee Valley Authority. Irrespective of the present or past views of anyone with respect to the governmental policy involved in the Tennessee Valley Authority Act or the operations thereunder, this appropriation should be viewed and adjudged solely by its present bearing upon the national-defense program.

CONSTITUTIONAL QUESTION

Apart from the question of statutory construction, there is presented a serious question of whether the TVA has a constitutional right to engage commercially in the development and sale of power. In the Ashwander case (297 U. S. 288), which involved other TVA questions, Mr. Justice Reed, then Solicitor General, said [emphasis supplied]:

From the bench and at the bar this controversy has come down to a question of this kind, if we assume that this act was primarily for navigation, then it would be valid. If we determine that this act, while stating that it is for navigation, na-

tional defense and flood control, is actually for the purpose of developing power and selling it commercially, the act would be invalid.

In the colloquy between the Justices and counsel for the TVA, the latter expressly denied the right of his client to operate a steam plant for the purpose of generating power for sale [emphasis supplied]:

Mr. JUSTICE McREYNOLDS. Is there a steam plant in connection with this project?

Mr. O'BRIAN. Yes, Your Honor. That was mentioned earlier. There is a large steam plant which was built at Muscle Shoals before the dam was built.

Mr. JUSTICE McREYNOLDS. For what purpose?

Mr. O'BRIAN. For the purpose of equipping the war munitions plant immediately as quickly as possible with power.

Mr. JUSTICE McREYNOLDS. Is that used to generate electricity?

Mr. O'BRIAN. No, sir; it has never been used. It stands idle. Much is made in my opponents' brief of the danger of the Government selling power from the steam plant. That steam plant is not in this case. It has never been used. It has been maintained. It has been leased to the Alabama Power Co., which has used it as a stand-by facility with which to meet break-downs in its service. There is nothing in this record to show that the Authority ever intends to use it for the purpose of generating power for sale, and I disavow any such intention at this time.

Mr. JUSTICE BUTLER. I know; but you assert the power; do you not?

Mr. O'BRIAN. No; I do not.

Mr. JUSTICE BUTLER. Do you say that to aid in disposing of the electricity, incidentally produced from this navigation dam, the Congress has no power under the Constitution to build stand-by plants to supply their customers, to keep the current going?

Mr. O'BRIAN. If you mean break-down facilities, yes; it could. It would have to. Any regulated system would have that.

Mr. JUSTICE BUTLER. And then to meet great demands upon the peak?

Mr. O'BRIAN. No; I do not think that could be done in this case.

It is recognized that the Authority possesses and operates steam plants at the present time. However, such plants have been acquired or constructed under special conditions and circumstances having no bearing upon the present budget request.

CHAMBERS OF COMMERCE OPPOSE STEAM PLANT

A representative appearing in behalf of the National Association of State Chambers of Commerce requested and was given opportunity to appear before the committee. He filed a statement in behalf of 31 State and regional chambers of commerce, representing 29 States, in opposition to the proposed appropriation for initiating construction of the steam plant under discussion. In addition, the committee had representations from numerous municipal chambers of commerce in opposition to the construction of the steam plant. Certain Members of the Congress have requested the committee to approve the appropriation for the steam plant, and a representative of the Tennessee Valley Public Power Association was heard in favor of the steam plant by the committee.

PRIVATE UTILITY COMPANIES OPPOSE STEAM PLANT

Representatives of the privately owned electric companies which have large investments in power facilities testified that TVA and the Federal Government had neither constitutional nor statutory authority, and therefore, no obligation to supply electric energy required by occupants of the Tennessee Valley other than such surplus energy as is generated as an incident to the water power produced by the construction and operation of navigation and flood-control facilities.

FAR-REACHING PRECEDENT

If the position of the Authority is sustained, a precedent will be set which will justify unlimited future expansion of electric generating facilities by TVA by means of steam plants or other methods having nothing to do with navigation or flood control. Therefore, the request for this steam plant squarely presents the issue as to whether the Congress did in fact intend that TVA should operate primarily as a public utility for all purposes and without limitation, and, further, whether there is constitutional authority for such operations.

In the absence of clear evidence of legislative intent, the committee feels that it should not undertake to establish such a far-reaching precedent, but rather should leave the question for the careful consideration of the appropriate legislative committee. The committee, therefore, declines to recommend an appropriation for the construction of a steam plant.

OTHER CAPITAL FACILITIES

The estimate of \$96,000 for investigations for future projects provides for continuation of engineering work on flood control and for foundation investigation at future potential dam sites, and the committee recommends its approval in full.

The amount of \$3,551,000 requested for chemical facilities anticipates the acquisition of phosphate lands and rights, phosphate facilities, nitrogen facilities, laboratory and service building, and general facilities at the chemical plant. The committee considers the amount requested excessive for the coming year, inasmuch as a substantial portion of the contemplated activity can be eliminated or deferred. Accordingly, it has reduced the estimate by \$1,214,000, to \$2,337,000.

The estimate of \$3,389,600 for facilities and equipment for general use includes purchases of general construction equipment, planning and design studies for general office facilities, acquisition of office equipment, and general transportation facilities and equipment, including garage buildings. The committee recommends approval of \$2,458,000 of the amount requested under this category, but has made a reduction of \$931,600 since the construction of garages can be eliminated and certainly should be deferred in view of the shortages of building materials. Other minor curtailments can be effectuated readily.

DIRECT APPROPRIATION—FOR EXPENSES

Thus, the total amount of directly appropriated funds recommended for capital expenditures is \$21,689,000, or \$6,370,600 below the estimate of \$28,059,600.

In addition to the foregoing, which relates to capital expenditures financed out of direct appropriations, certain expenses of the TVA are also financed by direct appropriations from the Treasury as hereafter discussed.

The budget request for fertilizer and munitions research and development is \$1,367,000, which has been reduced to \$1,134,000 by the committee. The research conducted under this program is said to be coordinated with other departments of the Government and made available to commercial manufacturers of fertilizers. The committee

feels that the important basic aspects of the research program have progressed to a point where it may be adequately maintained with a lesser amount of funds out of the Treasury.

Many resource-development activities carried on by the TVA in the area in which it operates are conducted in other parts of the country by other Government agencies, but it is felt that the amounts requested by TVA for such activities in 1949 are excessive in view of the present burden of over-all governmental expenditures. Accordingly, the estimate of \$5,150,000 has been reduced to \$4,265,000.

The following tabulation indicates budget estimates for various phases of these activities and the amounts approved by the committee for each.

Appropriation for resource development activities recommended for 1949

	Budget estimate	Recommended by committee	Reduction below Budget estimate
Agricultural resource development:			
Fertilizer used in tests and demonstrations.....	\$1, 500, 000	\$1, 250, 000	—\$250, 000
Fertilizer distribution and relations with rural organizations.....	170, 000	150, 000	—20, 000
Test-demonstration supervision.....	750, 000	600, 000	—150, 000
Preliminary soil and fertilizer investigations.....	185, 000	150, 000	—35, 000
Soil inventory and mapping.....	65, 000	50, 000	—15, 000
Development and demonstration of farm equipment.....	170, 000	150, 000	—20, 000
Development of processes and markets for agricultural products.....	160, 000	150, 000	—10, 000
Total agricultural resource development.....	3, 000, 000	2, 500, 000	—500, 000
Forest resource development.....	750, 000	700, 000	—50, 000
Mineral resource development.....	150, 000	150, 000	—
Recreational resource development.....	270, 000	150, 000	—120, 000
Stream sanitation and public health.....	200, 000	175, 000	—25, 000
Fish and game investigations.....	90, 000	90, 000	—
Topographic mapping.....	400, 000	300, 000	—100, 000
Special studies and activities.....	290, 000	200, 000	—90, 000
Total.....	5, 150, 000	4, 265, 000	—885, 000

Under the graduated-payment plan, adopted by TVA following recommendations by the committee a year ago, \$400,000 in income will be derived from the fertilizer test and demonstration program. Thus \$1,650,000 will be available for this activity in 1949, or approximately 10 percent more than was available for 1948. And the total sum approved for agricultural resource development, together with income available in 1949, provides an amount only \$5,000 less than available for the entire program in 1948.

The budget estimate of \$309,000 for navigation and flood control operations, which are the primary functions of the corporation, is recommended by the committee for approval in full.

ADMINISTRATIVE AND GENERAL EXPENSES

Heretofore, the TVA is the only corporation for which provision is made in this bill the administrative expenses of which have not been specifically limited by law. The committee sees no justification for this exception and has accordingly included a limitation on such expenses of the TVA in the bill. Up to the present time, the TVA has prorated for each specific program and project the amounts attributable to administrative and general expenses. The limitation provided in the bill does not prohibit distribution of administrative and general expenses to programs and projects for cost accounting purposes, but

does require actual segregation of these particular categories of expenses. In this connection, it should be noted that in the schedule on pages 11 and 12 of this report the estimated amounts of administrative and general expenses have been separated from the amounts recommended by the committee for the various programs and projects enumerated. The reduction in the estimate of appropriated funds available for administrative and general expenses was made in the same ratio that the total direct appropriation estimate was reduced. The following schedule indicates the amounts estimated by TVA for the respective activities classified as administrative and general expenses, together with the amount recommended by the committee for each such activity. Although specific limitations in this detail have not been incorporated in the bill, it is the intention of the committee that the TVA follow as closely as possible the reductions in accordance with the figures in the succeeding table.

Administrative and general expenses for 1949

	Budget estimate	Recommended by committee	Reduction by committee
Board of directors.....	\$80,000	\$80,000	-----
Office of the general manager.....	83,000	83,000	-----
Budget staff.....	68,000	68,000	-----
Washington staff.....	43,000	43,000	-----
Information staff (including technical library service).....	190,000	150,000	—\$40,000
Personnel department.....	732,000	650,000	—\$82,000
Finance department.....	831,000	750,000	—\$81,000
Property and supply department.....	1,078,000	1,078,000	-----
Legal department.....	220,000	200,000	—20,000
Operation of medical and safety service units.....	416,000	375,000	—41,000
Other administrative and general expenses.....	225,000	200,000	—25,000
Total expenses.....	3,966,000	3,677,000	—289,000

NORRIS AND WILSON VILLAGES

A year ago the committee recommended that the TVA dispose of the villages at Norris and Wilson Dams. These villages, which were built some years ago, were financially unsound from their inception, and the annual loss from their operation has been running in excess of \$350,000. In line with its policy of securing a sound business basis for all the Government corporations the committee believes that it is of first importance that the TVA relieve itself of this unprofitable venture at the earliest practicable date and is pleased to note that plans for the sale of the villages are under way. This program should be pushed with the utmost vigor. The budget, as approved, includes an appropriation of \$100,000 for loss in the village operations in 1949 and the committee hopes that it will not be necessary to make provision for this item in future years. The cost of operation of the villages should not, after fiscal year 1948, be charged to the operating functions of the TVA and should not be prorated and charged to the power revenues or other revenues inasmuch as the operation of the villages makes no contribution to the production of such revenues. The accounts of the villages should be maintained as separate activities.

FUNDS DERIVED FROM TVA OPERATIONS

The following tabulation reflects the estimates of the TVA with respect to the use of funds to be made available from the sale of

electric power and fertilizer, and other activities of the corporation in 1949.

From corporate funds, to acquisition of assets:

Multiple-use facilities:

Upper Holston projects:

Watauga project..... \$169, 000

South Holston project..... 72, 000

Total multiple-use facilities..... 241, 000

Power facilities:

Generating facilities..... 9, 198, 000

Transmission, distribution, and communication facilities... 17, 540, 000

Power service building..... 2, 160, 000

Total..... 28, 898, 000

Total acquisition of assets..... 29, 139, 000

To expenses:

Power operations..... 20, 553, 000

Chemical operations..... 11, 614, 000

Multipurpose reservoir operations..... 4, 051, 000

Reimbursable services..... 3, 243, 000

Total..... 39, 461, 000

To retirement of borrowings and capital..... 2, 500, 000

To payment to United States Treasury (section 26)..... 750, 000

To increase in working capital:

Power inventories..... ¹ 127, 000

Chemical inventories..... ¹ 26, 000

Reserve for contingencies (cumulative)..... 6, 345, 930

Total..... 6, 192, 930

Total corporate funds applied..... 78, 042, 930

¹ Deduct.

AMORTIZATION OF INVESTMENT IN POWER FACILITIES

The Government Corporations Appropriation Act for the fiscal year 1948 included a requirement that the TVA repay to the Treasury in a 40-year period the total Federal investment in the TVA power program. In recognition of the fact that net revenues or profits from power operations are dependent upon the uncontrollable contingencies of rainfall and volume of stream flow, latitude was provided by permitting the 40-year amortization period to be segregated into four 10-year periods, and except for retirement of bonded indebtedness, no rigid year-to-year requirements were written into the law. However, the committee indicated that it would review annually the payments proposed by the TVA in its budget programs and would specify the amount to be paid from year to year in the event it concluded that the TVA had not properly budgeted for this purpose. It should be noted that the contingency specified in the committee report and intended by the committee upon which such latitude was based was that of dry weather. At the time the amortization provision was being actively considered the committee was not informed of the fact that TVA had placed orders for production and subsequent delivery of hydrogenerating units for installation in dams, which entailed fixed future obligations and would interfere with meeting amortization requirements. Even though this subject was debated at length on the floor of the House and notwithstanding the fact that the TVA closely follows the course of legislation affecting its activities,

the Authority did not apprise the committee or the Congress of the fact that it had and was at that time entering into additional contractual obligations which would encumber its funds and require liquidation in succeeding years. The committee now notes that, although the TVA anticipates funds to be available from its operations and activities in excess of \$70,000,000 in the fiscal year 1949, it has budgeted an amortization repayment to the Treasury in amount of \$2,500,000 for bond retirement, as specifically required by law, plus an additional \$60,000 from its power proceeds and \$690,000 from other proceeds, making a total repayment budgeted in amount of \$3,250,000. Power proceeds are estimated to amount to \$18,676,000 net, after depreciation has been deducted in the amount of \$2,298,000. Since depreciation expense by the Authority is nothing more than a book-keeping entry, the actual cash proceeds from power operations should be approximately \$21,000,000, depending, of course, upon stream-flow conditions.

Great emphasis was placed by officials of the TVA in the course of hearings upon the fact that the contingency of a dry year might impair the cash position of the corporation and that this, together with the fact that the Board of Directors had determined to reinvest \$29,000,000 of its total proceeds from operations to the acquisition of assets, made it difficult for the Authority to make any greater payment under the amortization program in 1949. The committee notes that frequent reference is made in the narrative statements submitted in support of the TVA budget program to section 26 of the TVA Act, including references which appear to consolidate the amortization program enacted last year with section 26 of the TVA Act.

The TVA has interpreted section 26 of the TVA Act in the broadest possible terms and in such manner as to give the Board full authority to use the corporate revenues for new capital investment or for such other purposes as the Board may elect. In the light of this interpretation the TVA budget for 1949 offered the absolute minimum by way of repayment under the provisions of the appropriation act for 1948 requiring an annual payment to the Treasury and budgeted a correspondingly large amount for investment in capital equipment.

There are two points in the case where the committee is inclined to be critical:

- (1) There was not a full disclosure at the time the repayment provision was being discussed as to the obligations incurred—and then being incurred—against future years' revenues.

- (2) The action in connection with the 1949 budget indicated that the Board intends to subordinate repayment to the Treasury to expenditures for new capital investment.

The repayment provision affords every latitude to permit continued efficient operation of the power facilities if, in good years when revenues are high and costs are relatively low, substantial payments are made. However, prudent business practice would seem to indicate that advantage should be taken of every good year, as early as possible in each of the 10-year periods involved, to make the highest possible payments. Failure to do so might well result in failure to meet the requirements of the act. If a series of bad-luck years happened to fall in the latter part of a 10-year period, when those years were being counted upon, not only to pay their proportionate share, but to meet deficiencies in earlier year payments, a default might then become inevitable.

After carefully considering all the factors involved, the committee has inserted a provision in the bill requiring a repayment from power revenues of not less than \$5,500,000 in 1949, an increase of \$2,940,000 over the budget from this source. By adjustment of contingency reserves and possible delays in production schedules on the capital investment items, this amount probably can be paid without interfering with the current program. Coupled with the amount paid in 1948 this totals less than 20 percent of the amount necessary to repay the required amount in the first 10-year period. This deficiency should be made up just as rapidly as possible and, if conditions permit, a larger amount than \$5,500,000 should be paid in 1949.

The committee interprets the term "budget report" as used in the Government Corporation Control Act to mean presentation of a complete budget program, including all principal expenditures, obligations, and other financial activities, without qualification.

It expects the TVA in all future budget reports to the Congress to make a complete disclosure of its advance commitments and to make such disclosure in a lucid manner, simplified to the fullest extent possible without sacrificing completeness.

HOUSING AND HOME FINANCE AGENCY

The major housing activities of the Federal Government were permanently grouped in the Housing and Home Finance Agency by Reorganization Plan No. 3 which became effective July 27, 1947. The new Agency is successor to the temporary wartime organization, the National Housing Agency, in which these functions had been grouped by Executive Order 9070, and includes three major constituents:

Home Loan Bank Board (successor to the Federal Home Loan Bank Board and the Federal Home Loan Bank Administration. The Home Loan Bank Board supervises the Federal Home Loan Bank System and serves as the Board of Trustees of the Federal Savings and Loan Insurance Corporation and the Board of Directors of the Home Owners' Loan Corporation. Separate budgets are presented for each of the three agencies grouped under and administered by the Board).

Federal Housing Administration.

Public Housing Administration (successor to the United States Housing Authority and the Federal Public Housing Authority).

With the exception of the estimates for administrative expenses of the Office of the Administrator and of the Home Loan Bank Board and Bank System, all of the programs within the Housing and Home Finance Agency are presented as business-type budgets. Although the Federal Housing Administration is not included under title I of the Government Corporation Control Act, its 1949 budget has been submitted in business-type form. Legislation has been submitted to include the Federal Housing Administration under title I.

OFFICE OF THE ADMINISTRATOR

The Office of the Administrator provides staff assistance to the Administrator in the discharge of his responsibilities: (1) For the general supervision and coordination of the functions of the constituent agencies; (2) for assuring that the housing policies established

by the Congress are carried out with consistency of purpose and a minimum of friction, overlapping, and duplication; (3) for developing information, plans for action, and proposals for establishment or modification of policy in matters relating to the execution of the laws relating to housing; and (4) for supervision and direction of the delegated management and disposition operations with respect to emergency housing provided under the Lanham and related acts.

The budget estimate submitted for the Office of the Administrator totals \$910,000 for the 1949 fiscal year.

This has been reduced to \$750,000. Some of the activity budgeted by this office was not adequately justified, in the opinion of the committee.

The Administrator in carrying out his general supervisory and coordinating function over constituent agencies should continue and intensify the efforts already underway to assure that internal controls throughout the Agency are entirely adequate so that expenditures, whether administrative or nonadministrative, are held to an absolute minimum and are consistent with approved budgets. His office should maintain under constant study agency operations with a view to eliminating any duplication and overlapping, cutting out all nonessential operations and assuring an efficient and economical conduct of business.

The committee noted an improvement over last year in the justification presented in support of the budget request. It is important that further improvement be made in future submissions in order that the Congress may have each year a clear, concise, and uniform presentation of the budget needs and fiscal operations of the entire agency without excessive detail. Some sections of the justification covering constituent agency operations leave much to be desired, and the Administrator's office should confer with the committee and its staff prior to the next submission as to the best form in which justification material can be presented for use of the committee.

HOME LOAN BANK BOARD

Reorganization Plan No. 3 of 1947 established the Home Loan Bank Board of three members and transferred to it the functions of the Federal Home Loan Bank Board, the Board of Trustees of the Federal Savings and Loan Insurance Corporation, and the Board of Directors of the Home Owners' Loan Corporation. Separate budgets for the two Corporations follow that of the Home Loan Bank Board and Bank System.

The Home Loan Bank Board performs three principal functions:

(1) Supervision of the Federal Home Loan Bank System consisting of 11 home-loan banks and 3,700 member institutions. This System performs substantially similar functions in the field of home mortgage credit to those of the Federal Reserve System for commercial banks, and the Federal land banks in the field of farm finance. Funds for this function are derived from assessments on the 11 Federal home-loan banks.

(2) Formulation of policies, and provision of legal and administrative services, for the Federal Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, and the Home Owners' Loan Corporation. Proportionate shares of the cost are borne on a reimbursable basis by the two Corporations.

(3) Examination of the savings and loan associations in which investors share accounts have been insured by Federal Savings and Loan Insurance Corporation, and supervisory action in connection with such examinations.

The bill carries a total limitation on administrative expenses, with a sublimitation on examination expenses.

The need for increasingly close attention to supervision of the bank system was urged by the new Board members in justification for the larger request of their organization. The committee agrees that this is important in view of the substantial proportion of home financing provided by savings and loan associations, assisted by advances from the home-loan banks, and of prevailing conditions of inflation in the general economy and the housing credit market.

The Federal Government through the Federal Savings and Loan Insurance Corporation has a major interest in seeing that the operations of insuring savings and loan associations are soundly and economically managed. The insured liability of the Federal Savings and Loan Insurance Corporation now amounts to almost \$7,000,000,000. Each insured institution is required to be examined annually, and these examinations, followed where necessary by prompt corrective action, represent the principal method for protecting the interest of the Government and the public in these institutions.

The present status of examining activities in the Home Loan Bank Board is a matter of major concern to the committee. It was stated that the task of examination has become more difficult because the size of institutions to be examined has increased substantially, as has the volume of new loans. These factors, coupled with the shortage of qualified personnel, have resulted in a steady increase in the backlog of past-due examinations. The Home Loan Bank Board estimates that it will have 820 overdue examinations by the end of the current fiscal year. The committee is, therefore, providing \$1,340,000 for the expenses of the examining division during fiscal year 1949. This amount represents an increase of \$376,560 over the current budget and is adequate, according to the Home Loan Bank Board, to employ sufficient examiners and clerical staff to bring the examining schedule current by the end of fiscal year 1949. In recommending this increase, the committee desires to make it clear that it expects the Board to make every effort to meet the goal of putting its examining activities on a current basis as quickly as possible.

The committee notes that the new Home Loan Bank Board has undertaken a survey of its organization. The Comptroller General has informed the committee that in October 1947 the General Accounting Office made a survey of the organization, and in that connection stated:

That survey, it is reported to me, disclosed a lack of coordination between divisions and constituent units, overlapping of functions, misplaced functions, divided authority, assignment of responsibilities without commensurate authority, and several small departments with functions that could be consolidated to produce greater efficiency and permit a reduction in the number of high-salaried personnel employed.

Certain organizational changes will be made before the beginning of 1949 and should materially reduce the administrative expenses in 1949. A small reduction of \$82,000 in the total limitation estimate has been made in the bill, but the committee fully expects the Home Loan Bank Board to make substantial further reductions during the

coming year. The Administrator of the Housing and Home Finance Agency should insist that proper steps to this end be taken.

HOME OWNERS' LOAN CORPORATION

The Home Owners' Loan Corporation was established under the act of June 13, 1933, as an emergency instrumentality of the Federal Government for the purpose of refinancing the mortgages of distressed urban home owners and to stem the flood of foreclosures resulting from the unprecedented economic collapse of the early thirties, and charged with the responsibility of taking over mortgages on small nonfarm homes the owners of which were in actual default and who could not otherwise escape foreclosure.

The authority of the Corporation to acquire mortgages of distressed home owners and other obligations and liens secured by real estate in exchange for cash or bonds of the Corporation expired June 12, 1936. Since that time the function of the Corporation has been to service the loans and to take over properties where necessary and dispose of them to the best interests of the Government. Through this process the Corporation is and has been proceeding with the liquidation of its assets.

The total amount of the Corporation's authorized capital, \$200,000,000, was subscribed and paid for by the Secretary of the Treasury. The Corporation had authority to issue \$4,750,000,000 in bonds and issued \$3,489,453,550. On June 30, 1947, \$532,976,450 of such bonds were still outstanding. It is expected that by June 30, 1949, the total bonds outstanding will have been reduced to \$246,476,450.

The Corporation's deficit reached a maximum of \$107,000,000 in 1944 and had been reduced by December 31, 1947, to \$54,000,000. It is expected to be further reduced to \$26,000,000 by June 30, 1949.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$1,461,000	\$1,161,000
Expenses.....	7,547,334	¹ 5,606,000
Retirement of borrowings.....	161,500,000	125,000,000
Increase in working capital.....	3,045,137	4,505,000
Total funds applied.....	173,553,471	136,272,000
Funds provided:		
Realization of assets.....	151,183,471	119,667,000
Income.....	22,370,000	16,605,000
Total funds provided.....	173,553,471	136,272,000

¹ Includes administrative expenses estimated at \$2,500,000 and reduced by committee to \$2,250,000.

All regional offices of the Corporation have now been closed, and the 300,000 outstanding loans are being serviced by mail. The 1949 administrative expense request of \$2,500,000 has been reduced by the committee to \$2,250,000.

The committee wishes to point out that the Home Owners' Loan Corporation has made further progress in its liquidation activities and is now about 85 percent of the way to a complete wind-up of its affairs. The program recently initiated by the Home Loan Bank

Board to encourage borrowers from Home Owners' Loan Corporation whose loans are small to repay their remaining indebtedness in full should be continued. The committee feels that the bank board's plan to dispose of all holdings in several States where outstanding loans total less than a million dollars will result in economy of operations and should be carried out as expeditiously as possible.

The committee has observed that the stock of the Home Owners' Loan Corporation in the amount of \$200,000,000 is owned by the Treasury of the United States and that the Home Owners' Loan Corporation owns the stock of the Federal Savings and Loan Insurance Corporation in the amount of \$100,000,000. The HOLC originally acquired the stock of the FSLIC by issuing, pursuant to law, \$100,000,000 of its bonds to FSLIC, which in turn sold those bonds to the public. Subsequently the bonds issued by HOLC were paid off at maturity so that as of December 31, 1947, all bonds of the HOLC had been canceled except in an amount of \$3,355,775 which had not been presented for redemption. HOLC has deposited with the Treasury an offsetting cash amount as a guaranty of the payment of these bonds when they are presented. The FSLIC now owns no bonds of the HOLC, and its entire bond investment consisted of securities of the United States Government in the amount of \$184,480,440 as of December 31, 1947. There is an outstanding disagreement between HOLC and FSLIC over payment of dividends. Under the original act, HOLC was entitled to receive from the FSLIC dividends equal to the interest on the bonds which the HOLC issued for the purchase of stock in FSLIC. That interest rate originally was 3 percent, but, when the HOLC bonds were paid off, HOLC borrowed money from the Treasury Department at 1 percent. Except during 1 year, FSLIC has not paid dividends to HOLC, but has accumulated on its books in lieu of dividends a reserve which now amounts to \$38,250,000.

The committee feels that there is no justification for the continuation of this complicated financial relationship between these corporations, and between them and the Treasury Department. Therefore, provision has been made in the bill to transfer the ownership of the stock in FSLIC from HOLC to the Treasury Department and directing the Treasury to cancel stock in HOLC in an equal amount. This action would transfer all right, title, and interest of the HOLC in the stock of the FSLIC, including dividends accrued and to accrue thereon, to the Treasury Department. While the HOLC may contend that it is deprived of earnings to which it is justly entitled by the transfer of its right to collect the accrued dividends, it obviously makes no difference in the long run which way these dividends are paid. Of HOLC's alleged profit occasioned by claim against accrued and deferred dividends of FSLIC stock, that part which is attributable to the difference in the 3 percent interest rate on original HOLC bonds and the amount paid to the Treasury for money after retirement of HOLC bonds is at least questionable in view of the average interest paid by the Treasury for money during the same period. In any event, all of the funds invested in HOLC and in FSLIC belong to the Treasury of the United States. Whatever the earnings of the HOLC ultimately amount to, or if there is ultimately a net loss, it will accrue to, or be sustained by, the Treasury. The same is true with respect to FSLIC. Therefore, these questions are largely academic and would probably never have arisen if a more simplified financial structure had been utilized in the first place.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

The Federal Savings and Loan Insurance Corporation was created in 1934 under title IV of the National Housing Act. The Corporation insures up to \$5,000 for each account the savings of investors in all Federal savings and loan associations and in other institutions of the savings-and-loan type which are eligible and approved for insurance.

Total reserves on June 30, 1947, were equal to 1.162 percent of the insured liability, as compared to the 5 percent which the National Housing Act requires that the Corporation accumulate. Excluding the special reserve for contingencies (representing the accumulated unpaid dividends on the capital stock), the reserve fund would be only 0.629 percent of the basic insured liability.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$16,302,700	\$14,782,700
Expenses.....	2,050,400	¹ 2,171,400
Total funds applied.....	18,353,100	16,954,100
Funds provided:		
Realization of assets.....	5,017,800	2,760,900
Income.....	12,877,300	13,973,300
Decrease in working capital.....	458,000	219,900
Total funds provided.....	18,353,100	16,954,100

¹ Includes administrative expenses estimated at \$635,000 and reduced by committee to \$600,000.

Estimates for payment of insurance claims and contributions to prevent the default of insured associations amount to \$11,252,700 for 1948 and \$12,232,700 for 1949. More favorable actual experience will result in increased investments and surplus reserves. Insurance premiums are estimated at \$8,711,400 for the current fiscal year and \$9,773,700 in 1949.

As indicated above, the examination and supervision of insured savings-and-loan associations is carried out under the Home Loan Bank Board directly, and the Board is reimbursed for this service by the Insurance Corporation. The staff of the Corporation itself is responsible for examination of the eligibility of institutions applying for insurance, preventive measures in connection with insured institutions in danger of default, and the handling of problems arising out of claims. The Corporation is authorized to make contributions to insured institutions to overcome temporary impairments of their financial position, and where it becomes necessary may assume as receiver the assets of an insured institution for management and disposition. The estimate of \$635,000 for fiscal year 1949 for administrative expenses has been reduced by the committee to \$600,000, but the amount recommended is an increase of \$68,000 over the amount available in 1948. No funds are recommended for activities by Government employees in soliciting additional institutions to participate in this program.

As stated last year, it is reported that officials of mortgage-lending institutions too often supplement their salaries by commissions received in placing fire insurance on the homes covered by their

mortgage loans. The officials of the Corporation should exercise their full discretion under the law to refuse to insure any institutions whose officials sell insurance or receive other fees (which thereby may directly or indirectly influence loan judgment) in addition to their salaries.

FEDERAL HOUSING ADMINISTRATION

The Federal Housing Administration was established in 1934 under the provisions of the National Housing Act to improve housing standards and home-financing practices through insurance of home-mortgage and home-improvement loans.

The Administration has been operating in the current year under three titles of the National Housing Act: Title I, which authorizes partial insurance of character loans made for renovation, improvement, and, within certain limitations, construction of both residential and nonresidential properties; title II, which provides for the insurance of home mortgages up to 80 and 90 percent of the appraised long-term value of both new and existing small homes and new rental housing projects; and title VI, which parallels title II but provides for appraisals on a current cost basis and higher percentage loans for emergency housing.

As of December 31, 1947, pertinent data on the Federal Housing Administration operations were as follows:

	Total author- ization	Estimated insurance outstanding	Net worth of insurance funds
Title I.....			
Title II.....		\$652,594,809	\$22,229,397
Title VI.....	¹ \$4,000,000,000	2,474,655,713	116,347,350
	² 4,450,000,000	1,840,191,371	24,418,794
Total.....		4,967,441,893	162,995,541

¹ Plus \$1,000,000,000 which may be authorized by President.

² Plus \$750,000,000 for sec. 610.

Since December 31, as noted below, the authorization under title VI has been increased by an additional \$400,000,000.

All operating expenditures of the Federal Housing Administration in connection with the programs authorized by titles I, II, and VI of the National Housing Act are financed from the resources of the four insurance funds, namely, the title I insurance fund, the mutual mortgage insurance fund, the housing insurance fund, and the war housing insurance fund. Expenditures of the Federal Housing Administration include: (1) Payment of claims for insurance under the modernization and property-improvement program authorized by title I of the act; (2) payment of charges to the several housing insurance funds resulting from the acquisition, management, and disposal of foreclosed properties acquired under the mortgage-insurance programs; and (3) administrative expenses of the departmental and field staffs of the Federal Housing Administration.

Complete consideration of the budget of FHA has not been undertaken owing to the fact that several legislative changes affecting operations for 1949 occurred since the budget was prepared and were not reflected in the material before the committee. Public Laws 394 and 468 increased and extended the authorization under title VI, and

such additional authorization will have been committed before June 30, 1948.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$32,734,830	\$25,792,000
Expenses.....	20,626,087	¹ 19,360,000
Retirement of borrowings and capital and distribution of surplus.....	16,265,855	22,578,400
Increase in working capital.....	13,175,979	
Total funds applied.....	82,802,751	67,730,400
Funds provided:		
Realization of assets.....	20,957,619	6,571,481
Income.....	57,308,632	51,985,734
Borrowings, capital and surplus subscriptions, and appropriations.....	4,536,500	7,011,000
Decrease in working capital.....		2,162,185
Total funds provided.....	82,802,751	67,730,400

¹ Includes administrative expenses estimated at \$19,000,000.

The budget estimate of \$19,000,000 relates primarily to work under title II. This amount has been approved, and the expenses relating to the title VI program will be considered after enactment of a new title VI authorization.

PUBLIC HOUSING ADMINISTRATION

The Public Housing Administration is one of the three constituent units of the Housing and Home Finance Agency established by Reorganization Plan No. 3 of 1947. The Administration operates six major programs for each of which a separate program budget is presented. The operations of three programs—war housing, homes conversion, and veterans re-use housing—were delegated to the PHA by the Administrator. Three more programs—the Defense Homes Corporation, United States Housing Act program, and subsistence homesteads and Greenbelt towns program—were transferred directly to the PHA by Reorganization Plan No. 3.

The PHA is operated as a single organization and a single administrative expense estimate is submitted, for these six programs.

The limitation on administrative expenses is estimated in 1949 at \$11,000,000. This has been reduced in the bill to \$9,000,000. The limitation on higher-grade employees has been modified so as to be more easily administered.

The war and emergency housing direct project expenses estimated for fiscal year 1949 are 36.6 million dollars which is less than the fiscal year 1948 figure of 55.6 million dollars. On this basis there would be a substantial decrease in total project-management costs during fiscal year 1949. However, interrogation by the committee disclosed that the reduction was based largely upon the disposal of a large number of housing projects which the Administration has little hope of realizing.

The committee concludes that the Public Housing Administration has not taken all possible steps to assure the most economical use of public funds in connection with project operations. The committee is of the opinion that the great degree of operating freedom given the regional offices during the war is not conducive to economical opera-

tion and disposal of these projects, and that the new Commissioner should promptly take steps to secure a closer supervision of field operations, especially at the project sites.

The past record of the Public Housing Administration is replete with instances of maladministration and deplorable abuses of public property and funds, which were condemned by the committee last year and publicized by the Committee on Executive Expenditures recently. The cooperation of the latter in revealing its investigative findings in executive session to the committee is appreciated. Especially after the record of his predecessor, the newly appointed Commissioner of Public Housing is confronted with a difficult job. He has indicated his desire to correct all abuses, and the committee has emphatically pointed out that close attention must be given to curtailing direct project-operating costs, reducing excess project employees, and elimination of all abuses of Government property and funds. It is hoped that the present Commissioner can be successful.

Inflexible limitations on individual items of project expense would hamper the new Commissioner in his effort to improve the operations of this organization. The committee, however, will scrutinize with particular care next year the steps which have been taken to establish effective administrative control over all costs.

Meanwhile, the regional offices in the field should be closed at the earliest practicable date, and the proposal of the Commissioner to centralize management and control functions in Washington should be implemented with attendant savings as soon as possible.

Section 303 (a) of the Lanham Act provides in part:

* * * the unobligated balances of moneys deposited into the Treasury from rental or operation of such property shall be covered at the end of each fiscal year into miscellaneous receipts.

Section 303 (b) contains similar provisions with regard to moneys derived from disposition or removal. The committee feels that deposit of receipts from rental operation and disposition or removal of housing should be covered into the Treasury more often than once a year in order that Treasury financing activities may utilize during the course of a year all public funds possible. At the instance of the committee, the Housing and Home Finance Agency analyzed the foregoing provision of law and the Office of the Administrator advised the committee that in the opinion of its attorneys the statutory language requiring an annual deposit was intended as a minimum requirement rather than a rigid procedure. Accordingly, the Housing and Home Finance Agency has agreed that such deposits will be made to the Treasury quarterly, beginning with the quarter ending March 31, 1948. A deposit of \$34,000,000, which was available at the end of February 1948, has already been made at the instance of the committee into miscellaneous receipts of the Treasury, and an additional amount of \$6,000,000 will be so transferred in the near future.

PUBLIC WAR HOUSING

The public war housing program authorized under title I of the Lanham Act is in the liquidation stage. Pending ultimate disposition of this housing, veterans and their families receive preference on all dwellings becoming available.

As of June 30, 1947, approximately \$1,685,000,000 had been allotted to Public Housing Administration from funds made available under

titles I, II, and IV of the Lanham Act, temporary shelter acts, and Public Laws 781 and 835.

Section 303 of the Lanham Act, as amended, authorized the use of income derived from project operations to pay expenses for project operation and maintenance. It also provided for the establishment of a \$25,000,000 reserve for expenses in connection with the disposition operations. This reserve has been established from the net income from project operations and proceeds of sales of war housing. Of this reserve, \$24,000,000 has been allocated to this program and \$1,000,000 to the homes-conversion program.

Project rents are estimated to drop from \$70,516,200 in the current year to \$48,750,000 in 1949; in the same years sales of property are estimated at \$69,096,000 and \$154,352,000, respectively. The Administration states that sales in the current year are much less than estimated, but that good progress has been made in performing the essential steps preliminary to sales, and that acceleration in sales is expected. The decline in direct operating expenses from \$31,000,000 in fiscal year 1948 to \$19,000,000 in fiscal year 1949 is predicated on the assumption that 151,000 permanent and 80,000 temporary units are to be disposed of during the two fiscal years 1948 and 1949.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$3,002,508	\$625,390
Expenses.....	49,684,660	44,686,870
Retirement of borrowings and capital.....	54,398,428	93,841,849
Increase in working capital.....	33,022,804	64,540,691
Total funds applied.....	140,108,400	203,694,800
Funds provided:		
Realization of assets.....	69,269,500	154,598,100
Revenue.....	70,838,900	49,096,700
Total funds provided.....	140,108,400	203,694,800

HOMES-CONVERSION PROGRAM

The homes-conversion program was established under the provisions of the Lanham Act to provide housing for war workers by remodeling existing structures leased by the Government from their owners. Development activities which provided approximately 50,000 units at a cost of \$90,000,000 were largely completed prior to the transfer of this program from the Home Owners' Loan Corporation to the Public Housing Administration.

Section 303 of the Lanham Act, as amended, authorizes the use of operating income to meet all operating expenses and to establish a reserve for disposition. Of the total \$25,000,000 reserve authorized by this section, \$1,000,000 has been allocated to this program. Operating income is adequate to meet operating expenses and to return to the Treasury a portion of the Government's initial outlay.

Public Housing Administration officials stated that, rather than operating the properties for the full 7-year term stated in the leases, they are canceling the leases whenever a satisfactory settlement can be

negotiated with the owners. Thirty percent of the original 8,842 leaseholds had been canceled by December 31, 1947, and the number is expected to drop below 2,000 by the end of the 1949 fiscal year. This will mean that approximately 12,260 accommodations out of the original 50,000 will remain in the hands of the Government on June 30, 1949.

Financial statements show that almost \$16,000,000 will be turned into the Treasury as miscellaneous receipts in the 1948 and 1949 fiscal years from operating and disposition receipts. Experience on properties terminated up to December 31, 1947, showed that net operating revenues plus cancellation proceeds returned almost 44 percent of the capitalized value of the units.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$305,700	\$66,500
Expenses.....	12,839,140	7,957,900
Retirement of borrowings and capital.....	8,428,847	7,451,879
Total funds applied.....	21,573,687	15,476,279
Funds provided:		
Realization of assets.....	3,842,987	3,630,400
Inc. me.....	16,440,900	10,015,900
Decrease in working capital.....	1,289,800	1,829,979
Total funds provided.....	21,573,687	15,476,279

VETERANS REUSE PROGRAM

Under title V of the Lanham Act, temporary housing has been provided for veterans and servicemen by the relocation or conversion of federally owned surplus structures, such as temporary war housing, barracks, and Quonset huts. On completion of construction title to the housing is transferred to the sponsoring local bodies, chiefly local governments and educational institutions, under contracts providing that net operating income will be returned to the Government as a partial repayment of development costs.

Appropriated funds totaling approximately \$439,000,000, transferred to the Public Housing Administration prior to June 30, 1947, provided some 173,000 accommodations. An additional 35.5 million dollars was appropriated on July 29, 1947, to complete 8,500 additional accommodations which had been suspended. The budget as submitted estimated that \$32,843,029 of this last appropriation would be required for completion of the program; actual requirements have already proven to be substantially less than this figure, however, and in addition \$3,000,000 is available to be returned from the earlier appropriations. Consequently provision is made in the bill for recission of \$7,650,000 of such funds.

While actual construction work, with the exception of one project, should be completed by June 30, a considerable volume of paper work such as liquidation of final vouchers and processing of contractors' construction claims, will carry over into the 1949 fiscal year. Final costs cannot be established until such work is completed. After final payments for construction (shown as acquisition of assets in the

statement below) are completed, Public Housing Administration expenses for supervising the operation of the program will be comparatively low and an average of \$13,000,000 or \$14,000,000 a year turned into the Treasury. High maintenance costs due to the type of construction, and comparatively low rents charged to the veterans by the local bodies, will keep net rentals at a low figure in comparison with the development costs of the projects.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$108,232,767	\$7,883,840
Expenses.....	804,700	1,283,900
Retirement of borrowings and capital.....		9,796,851
Total funds applied.....	109,037,467	18,964,591
Funds provided:		
Income.....	14,265,600	15,958,600
Appropriations.....	32,843,029	
Decrease in working capital.....	61,928,838	3,005,991
Total funds provided.....	109,037,467	18,964,591

UNITED STATES HOUSING ACT PROGRAM

The United States Housing Authority was created by the United States Housing Act of 1937 to aid in the provision of low-rent housing for families of low income who cannot otherwise afford decent, safe, and sanitary dwellings. For this purpose the act authorized loans to local housing agencies to aid in financing slum clearance and development of low-rent housing projects and limited annual contributions toward the operation of the projects.

An amendment added by Public Law 671 in 1940 made the unused portion of the authorization available for the construction of permanent housing to be used for the duration of the war for housing war workers and to be returned after the war to low-rent use with the approval of the President. Practically all of these projects have now received approval for conversion to low-rent use.

Another amendment made by Public Law 301, approved July 1, 1947, permits development of projects where construction costs exceed cost limitations of the basic act upon condition that local housing authorities pay the difference between the statutory cost limitations and actual construction costs.

In addition to the locally owned projects there are a smaller number of federally owned projects in the program. These include (a) projects developed by the Public Works Administration Housing Division and subsequently transferred under the provisions of the United States Housing Act; (b) projects constructed in Ohio under Public Law 412 and acquired as a result of a decision of the Ohio Supreme Court which denied tax exemption and thus eliminated the local contributions required in the United States Housing Act; and (c) projects directly constructed by the Federal Government during the war under the terms of Public Law 671. These federally owned projects are not eligible for annual contributions.

The United States Housing Authority was created as a corporation with \$1,000,000 in capital stock subscribed by the Treasury. The United States Housing Act as amended provides a borrowing and lending power amounting to \$800,000,000, and limits the total annual contributions for which the Authority may contract to a maximum of \$28,000,000 per year.

As of June 30, 1947, the Administration had a balance outstanding of \$347,000,000 in notes payable to the United States Treasury. Outstanding long-term loans receivable from local housing authorities amounted to \$276,653,258 and short-term advance notes to \$2,433,258. An amount of \$42,263,459 had been used for direct PHA construction of war housing projects under Public Law 671. From private sources local housing authorities had obtained \$374,941,500.

The \$800,000,000 loan authorization is not a revolving fund, and at present both this authorization and the \$28,000,000 authorization for annual contributions are fully committed with respect to existing or deferred projects. The program cannot be expanded, accordingly, without further legislation.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$16,726,000	\$61,501,000
Expenses.....	12,653,575	15,894,125
Increase in working capital.....		532,895
Total funds applied.....	29,379,575	77,928,020
Funds provided:		
Realization of assets.....	5,412,700	38,183,960
Income.....	12,025,700	11,544,060
Borrowings and appropriations.....	9,000,000	28,200,000
Decrease in working capital.....	2,941,175	
Total funds provided.....	29,379,575	77,928,020

The Public Housing Administration plans to proceed with permanent financing of Public Law 671 projects, which have been carried by short-term loans since their completion during the war period. Although it is anticipated that most of the bonds sold by local housing authorities will be taken up by private investors, the PHA expects to purchase \$12,000,000 in B bonds in 1948 and \$32,000,000 in 1949. Such investments will be partially offset by refunding of Public Law 412 project bonds to obtain a higher percentage of private participation and consequent lower Federal holdings. The PHA expects such refundings to reduce its present holdings of B bonds on these projects by over \$2,000,000 in the current year and \$19,000,000 in 1949. The balance of funds required will be obtained by borrowings from the United States Treasury.

Low-rent projects owned by local housing authorities have three sources of income: (a) Operating income, (b) a contribution by the local community in the form of partial or full tax exemption, and (c) a Federal annual contribution where required. Within the maximum provided by the United States Housing Act, the Federal annual contribution actually paid equals the operating deficit of the project after giving effect to the local subsidy in the form of tax remissions or

exemptions. Total expenses include amounts reserved for repairs, maintenance, and replacements and for other purposes and in its report last year the committee pointed out that these reserves were much too large and were resulting in excessive annual contributions by the Federal Government.

PHA officials reported that as a result of the committee's criticisms the reserve policies were restudied and revised. The new policies will have the effect of reducing outstanding reserves (estimated at about \$37,500,000) over a 5-year period by over 40 percent, and substantially reducing annual contributions which would have been payable on the old basis. The reduction in annual contributions will not make itself felt until the fiscal year 1950.

In comparison with the \$4,000,000 appropriated for annual contributions in the 1948 fiscal year, the PHA is requesting an appropriation of \$6,200,000 for 1949 fiscal year. The increase of \$2,200,000 is itemized approximately as follows:

(1) Decrease in operating income as ineligible tenants are removed and low-income families substituted.....	\$540, 000
(2) An increase in debt service due to permanent financing of Public Law 671 projects.....	300, 000
(3) An increase predicated on request for eliminating the proviso in the 1948 appropriation act which forbids payments in lieu of taxes in excess of original contract provisions.....	1, 360, 000

In explanation of the proposed increase of \$1,360,000 for payments in lieu of taxes PHA recommended that it be permitted to resume making such payments on the basis of 10 percent of shelter rent instead of the limitation appearing in the Government Corporation Appropriation Act of 1948 limiting such payments to the amounts provided in the original contracts in each case. PHA submitted an extensive argument in support of this recommendation, emphasizing primarily the view that the municipalities were required under the limitation to make proportionate contributions clearly in excess of those contemplated in the United States Housing Act.

Representatives of the Municipal Finance Officers' Association of the United States and Canada also appeared before the committee and presented statements urging revision of the provision adopted last year with respect to such payments in lieu of taxes.

The committee has carefully reviewed this matter and the contention of interested parties. The legality of these voluntary payments, which directly influence the amount of Federal contributions, outweighs other considerations, in the opinion of the committee. Since such legality is highly doubtful, it is recommended that the same provision carried in the act for 1948 be continued in the bill for 1949.

The amount recommended for appropriation for contributions to maintain the low-rent character of the low-rent housing projects is thus \$4,840,000, and does not include the amount of \$1,360,000 which would be predicated upon the elimination of the provision under reference.

DEFENSE HOMES CORPORATION

Defense Homes Corporation was incorporated under laws of the State of Maryland on October 23, 1940, by direction of the President, to provide permanent housing accommodations for use by defense workers and to be sold subsequently at prevailing market prices. The capital stock of \$10,000,000 came from appropriations under the

Lanham Act, and the remainder of the development costs were borrowed from the Reconstruction Finance Corporation. As of June 30, 1947, Defense Homes Corporation owed \$42,830,416 to the Reconstruction Finance Corporation. Officials of the Public Housing Administration stated that all property, with the possible exception of two dormitories in the District of Columbia, will be disposed of prior to June 30, 1948. Sales prices have exceeded depreciated book values and the financial statements presented show an anticipated retirement of capital stock and payment of liquidating dividends from surplus.

Sales of some of the larger housing units of the corporation were not made for cash, but on the basis of the corporation receiving a relatively small cash payment and long-term notes collateralized by mortgages. Thus, actual proceeds from sales of these properties are not likely to be realized for many years.

The Housing and Home Finance Agency has requested the Reconstruction Finance Corporation to consider cancellation of notes of the Defense Homes Corporation in return for cash and notes owned by Defense Homes Corporation, and to furnish a release to Defense Homes Corporation in order that it might be promptly liquidated. It has also been suggested that the committee recommend enactment of a provision to effectuate this proposal. The committee is unable to assume that the notes received by Defense Homes Corporation in the sale of its properties can be liquidated at face value. The only manner in which their true worth can be determined would appear to be (1) to offer them for sale in the open market, or (2) to hold them to maturity. Since Reconstruction Finance Corporation has large sums due it from Defense Homes Corporation, the only realistic approach the committee can recommend with respect to liquidation of Defense Homes Corporation is to transfer all of the capital stock, assets and liabilities of Defense Homes Corporation to Reconstruction Finance Corporation. Provision to this end has been made in the bill. If the Reconstruction Finance Corporation determines that the notes of Defense Homes Corporation cannot be sold advantageously to the Government, adequate reserves to present a realistic evaluation of such notes should be set up against them. If these notes are to be held for an extended period of time for collection by Reconstruction Finance Corporation, it should exercise all possible diligence to see that the interest of the United States is adequately protected, including proper management, maintenance and repair of the underlying properties.

SUBSISTENCE HOMESTEADS AND GREENBELT TOWNS PROGRAM

The Subsistence Homesteads and Greenbelt towns program, originally consisting of assets representing \$62,214,291, is carried on under the terms of the Bankhead-Black Act of 1936, which provided that operating income may be used for operation and maintenance expenses. These projects were developed by the Resettlement Administration and transferred to the Public Housing Administration by Executive Order 9070 of February 24, 1942.

As of June 30, 1947, the subsistence homesteads part of the program consisted of 383 units under direct management and 228 under lease and purchase contracts, remaining of some 2,000 units originally transferred to PHA. By assisting present tenants in the refinancing of lease and purchase contracts, and selling those under direct man-

agement for cash, the PHA expects to dispose of all of these units before June 30, 1949.

Congress has previously authorized the use of operating revenues for preparatory expenses in connection with the disposition of the Greenbelt towns. Authorization to use an additional \$40,000 for this purpose in fiscal 1949 has been requested, and approved by the committee. The PHA believes that because of the nature of these projects they can be sold most advantageously if a single purchaser can be found for each development. It was reported to the committee that certain large investors such as insurance companies are interested, and that the preparation of a brochure presenting all of the data needed is the final step before requesting bids.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Expenses.....	\$1, 496, 650	\$1, 305, 710
Retirement of borrowings and capital.....	3, 857, 141	3, 196, 203
Total funds applied.....	5, 353, 791	4, 501, 913
Funds provided:		
Realization of assets.....	3, 495, 297	1, 329, 896
Income.....	1, 579, 360	1, 444, 930
Decreases in working capital.....	279, 134	1, 727, 087
Total funds provided.....	5, 353, 791	4, 501, 913

The committee expects the Public Housing Administration to make every effort to complete the disposition of these properties during the fiscal year 1949. But in disposing of these properties, leases and purchase contracts should not be financed directly with Federal funds on any long-term basis, but should be financed with private capital exclusively. This would not preclude extension of mortgage insurance by the Federal Housing Administration.

In connection with these programs, certain blanket monopoly leases on all commercial space in entire areas have been entered into. This highly objectionable practice stifles competition to the detriment of small business enterprise. The Public Housing Administration should take full advantage of any provision of law and relevant contracts and terminate such blanket monopoly leases, and should in no event renew or extend such leases. Such a policy would not prohibit, for example, an exclusive lease with one party for the operation of a theater or a specific type of store in a given area, but it would eliminate the over-all exclusive monopolies with respect to all commercial space.

DEPARTMENT OF AGRICULTURE

THE FARM CREDIT SYSTEM

The participation of the Federal Government in the agricultural credit structure of the country is carried out through a complicated system of agencies. The following summary statement is presented to indicate the functions of the component parts of the structure and their relationship to the other parts of the system.

ORGANIZATION AND FUNCTIONS

The farm-credit system is comprised of the Farm Credit Administration, a nonincorporated governmental supervisory agency, and 51 corporations. For operating purposes, the Nation is divided into 12 farm-credit districts, one of which includes Puerto Rico. At each district office there are 4 corporations—a Federal land bank, a Federal intermediate credit bank, a production-credit corporation, and a bank for cooperatives—48 corporations in all. The other three corporations are located in Washington, D. C. They are the Federal Farm Mortgage Corporation (the land banks act as agents for Federal Farm Mortgage Corporation), the Regional Agricultural Credit Corporation, and the Central Bank for Cooperatives. The functions of these institutions are:

Farm Credit Administration.—Supervises, examines, services, and coordinates the 51 corporations; supervises and examines the joint stock land banks (privately capitalized—5 remained at June 30, 1947, of which 4 had adopted plans for liquidation), organized under the Federal Farm Loan Act, approved July 17, 1916 (39 Stat. 360); administers the Agricultural Marketing Act, approved June 15, 1929 (46 Stat. 11), and the Cooperative Marketing Act of 1926 (44 Stat. 802). The Farm Credit Administration was established as an independent agency by Executive Order 6084, dated March 27, 1933, and was transferred to the Department of Agriculture effective July 1, 1939, pursuant to section 401 of the First Plan on Government Reorganization of April 25, 1939.

Federal land banks.—The 12 land banks, organized in 1917 under the Federal Farm Loan Act approved July 17, 1916 (39 Stat. 360), provide long-term first-mortgage farm loans. They operate principally through 1,262 cooperative associations, known as national farm-loan associations, owned by the borrowers.

Federal intermediate credit banks.—The 12 intermediate credit banks, established in 1923 under the Agricultural Credits Act of 1923 (42 Stat. 1454), discount short-term agricultural and livestock loans for and make loans to production-credit associations, banks for cooperatives, and other financing institutions.

Production credit corporations.—These 12 corporations, established in 1933 under the Farm Credit Act of 1933 (48 Stat. 257), supervise and in part capitalize the local production-credit associations which make short-term production loans to farmers and stockmen. There are 504 such associations, 31 of which are entirely owned by the members.

Banks for cooperatives.—The Central Bank for Cooperatives and the 12 district banks, established pursuant to the Farm Credit Act of 1933 (48 Stat. 257), extend short-term and long-term credit to cooperative associations dealing in farm products, farm supplies, or farm business services.

Federal Farm Mortgage Corporation.—Established under the Federal Farm Mortgage Corporation Act, approved January 31, 1934 (48 Stat. 344), to provide first-mortgage loans not eligible for the land banks and second-mortgage loans as provided by section 32 of the Emergency Farm Mortgage Act of 1933 (48 Stat. 48), to assist the land banks financially during periods of emergency, and to make loans to joint-stock land banks. Authority to make mortgage loans ceased on July 1, 1947.

Regional agricultural credit corporations.—Established under the Emergency Relief and Construction Act of 1932 (47 Stat. 713) for the purpose of supplying short-term production credit. They were placed in liquidation in 1934, following establishment of the production-credit system, and by February 1, 1944, the 12 corporations had been consolidated into 1—the Regional Agricultural Credit Corporation of Washington, D. C. Since 1941 loaning activities have been undertaken intermittently in restricted areas to meet emergencies only.

CONTROL OF MIXED-OWNERSHIP CORPORATIONS

The Federal land banks and the banks for cooperatives are designated by the Government Corporation Control Act as mixed-ownership corporations. Therefore, they are not required to submit budgets for the review and approval of the Congress. The Control Act also removes the control exercised by the Congress through audit by the Comptroller General of the United States, during periods when no Government capital is employed. Eleven of the land banks had retired the Government capital prior to the beginning of fiscal year 1947, and the twelfth (St. Paul) retired its Government capital in June 1947.

Although the land banks are now entirely privately owned, the Government is by no means freed of responsibility for their financial welfare. There is a revolving fund in the amount of \$314,000,000 in the United States Treasury to supply capital to the land banks upon their call, approved by the Governor of FCA, and the Federal Farm Mortgage Corporation has authority to use up to \$2,200,000,000 to support the land banks. Also, the Government has a definite moral obligation to the investing public arising out of its support of the land banks in times of economic stress and the close connection, in the eyes of the public, between the Government and the banks.

Under such circumstances, this committee is strongly of the opinion that the Government Corporation Control Act should be amended to require the audit of the Comptroller General, whether or not the Government's direct investment of capital has been returned. It is urged that such action be taken in time to provide an audit of the land banks for the fiscal year 1948.

SUBSIDIES

The Government subsidizes the farm-credit system in various ways which are not clearly disclosed in the financial statements of the participating agencies. The amounts are substantial, but some cannot be accurately determined. The principal subsidy arises out of the supplying of large sums of free capital. The land banks, for example, had \$9,000,000 such capital when they were first established in 1917, which later was increased to a maximum of \$314,000,000. The Government has received no return to compensate for the interest paid by the United States Treasury (out of funds supplied by the taxpayers) on the public debt incurred to supply such capital. Furthermore, the entire earnings of the land banks (nearly \$130,000,000 at June 30, 1946) became the property of private interests, although to a very considerable extent earned directly or indirectly from the use of free Government capital. One of the results of this situation is illustrated by the fact that in 1946 one of the land banks paid a 20-percent dividend to its stockholders.

Typically, in the farm-credit system, the corporations receive free capital in excess of their needs. The excess is invested in United States Treasury bonds, the interest on which is another form of subsidy, paid by the Treasury as interest on the public debt. The banks for cooperatives, for example, had \$178,500,000 free Government capital at June 30, 1946, and over \$54,000,000 invested in United States Treasury bonds and certificates. Approximately two-thirds of the accumulated earnings of these banks to June 30, 1946, came from such investments and from profits realized through trading in United States Treasury securities on the open market. The production-credit corporations, although they have no lending powers, held at June 30, 1946, \$101,250,000 free Government capital and held nearly \$70,000,000 in long-term United States Treasury bonds. These corporations receive almost all of their gross income, out of which they pay their expenses and to June 30, 1946, had accumulated over 15½ million dollars surplus earnings, from this form of subsidy. Furthermore, this subsidy, as well as the free-capital subsidy, is extended through the corporations to the production-credit associations which are now or are intended to become wholly privately owned.

If an interest cost of 2 percent per annum is assumed, the subsidy represented by free capital supplied in 1946 would approximate \$3,150,000 for the banks for cooperatives and \$2,000,000 for the production-credit corporations. The subsidy represented by interest on investments of excess free Government capital in United States Treasury bonds, including profits from trading in such securities, was nearly \$1,250,000 and over \$4,350,000, respectively.

The United States Treasury bonds held as investments are also used by the lending agencies as collateral for loans from commercial banks or public issues of debentures, thereby favorably affecting the cost of funds from those sources.

Another important subsidy is the contributions, or liability therefor, made by the Government to the civil-service retirement and disability fund with respect to the employees of the FCA and the 51 corporations supervised by it. As to the land banks, now privately owned, it has been estimated, based on 1946 pay rolls, that this cost is approximately \$600,000 annually.

The Government also pays the employees' compensation claims, and other costs, such as postage, office space, legal services, etc., are incurred for the benefit of the farm-credit system for which the Government receives no reimbursement.

The committee does not seek to pass judgment on the questions of whether or to what extent the Government should participate in the farm-credit structure and activities of the country. However, it is of the opinion that the expense to the Government of its participation in all fields of endeavor should be fully realized by the Congress and the people. The consequences of failing to take cognizance of all of the expenses to the taxpayers of any program are to place in jeopardy the lifeblood of the country, its financial and fiscal well-being. Therefore, the committee is of the opinion that the Congress should require the farm-credit system to pay for all costs incurred by the Government for the benefit of the system. Only in this way will the actual costs of operating the system be disclosed, thereby

showing whether interest rates charged borrowers are economically sound and informing the Congress as to the actual cost, if any, incurred by the Government in order to supply agricultural interests with a credit system. Legislation is needed to accomplish this purpose.

FEDERAL FARM MORTGAGE CORPORATION

Economic conditions in the spring of 1933 were such that the demand for farm mortgage credit far exceeded the funds available. To provide additional farm mortgage credit, Congress passed the Emergency Farm Mortgage Act of 1933, effective May 12, 1933. Section 32 directed the Reconstruction Finance Corporation to make available to the Land Bank Commissioner the sum of \$200,000,000 for the purpose of making loans to farmers on the security of a first or second lien on real or personal property in an amount which, together with prior encumbrances might not exceed 75 percent of the appraised normal value of the property.

With the progress of the lending program of the Commissioner under section 32 of the Emergency Farm Mortgage Act of 1933, and of the Federal land banks for their own account, it became apparent that the fund made available to the Commissioner would not be sufficient to meet demands upon it. To meet this situation, the Federal Farm Mortgage Corporation was created pursuant to the act of January 31, 1934 (48 Stat. 344) and began operations almost immediately. The Corporation is authorized to have succession until dissolved by act of Congress.

The Corporation was created for the following purposes: (1) To provide funds for the making of loans to farmers by the Land Bank Commissioner, pursuant to the provisions of section 32 of the Emergency Farm Mortgage Act of 1933, (2) to make funds available to the Federal land banks to assist them in their financing during periods of emergency, and (3) to make loans to joint-stock land banks. To accomplish these purposes the act chartering the Corporation authorized it, with the approval of the Secretary of the Treasury, to issue and have outstanding at one any time bonds in an aggregate amount not exceeding \$2,000,000,000, such bonds to be fully and unconditionally guaranteed both as to interest and principal by the United States.

The lending powers of the Land Bank Commissioner (Federal Farm Mortgage Corporation) expired July 1, 1947. Therefore, the principal activity of the Corporation in 1949 should be confined to servicing and collecting its outstanding loans.

The earned surplus of the Corporation as of July 1, 1948, is estimated to be \$108,846,357. Unnecessary cash funds on hand should amount to \$45,000,000 on the same date. It is estimated that \$25,000,000 will be received from repayments of loaned capital, and its interest and other income should approximate \$4,000,000 in 1949.

The budget program of the Corporation provides tentatively for declaration of cash dividends in amount of \$68,000,000 to the Treasury in 1949. Provision requiring such dividend to be made has been incorporated in the bill, and the committee expects a payment of not less than \$40,000,000 to be made immediately after July 1, 1948.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimated, 1948	Estimated, 1949
Funds applied:		
Acquisition of assets.....	\$1, 596, 400	\$113, 700
Expenses.....	2, 870, 700	1 2, 206, 700
Retirement of borrowings and capital.....	22, 490, 000	500, 000
Dividend payment to U. S. Treasury.....		68, 000, 000
Increase in working capital.....	19, 168, 300	
Total funds applied.....	46, 125, 400	70, 820, 400
Funds provided:		
Realization of assets.....	40, 323, 600	25, 188, 700
Income.....	5, 801, 800	4, 008, 300
Decrease in working capital.....		41, 623, 400
Total funds provided.....	46, 125, 400	70, 820, 400

¹ Includes administrative expenses estimated at \$2,160,700, and reduced by committee to \$2,000,000.

The budget proposes that the aggregate amount of bonds the Corporation may issue and have outstanding at any one time be reduced to \$1,000,000,000. There are no bonds outstanding at the present time which have not been called, although there are a few bonds in the hands of the public which have been called but not presented for payment. The only necessity for authority to have bonds outstanding is that of providing a cushion for refinancing outstanding Consolidated Land Bank bonds. The total amount of such bonds outstanding at the present time is \$686,432,000, which bonds are callable in 1948, 1950, 1951, and 1953; the largest amount callable at any one time is \$230,000,000 (in the fifth month of the year 1950). The amount of bonds necessary to be issued and outstanding at any one time by the Federal Farm Mortgage Corporation thus could not exceed \$230,000,000, and the committee can see no justification whatever in this Corporation's having authority to issue and have outstanding up to \$1,000,000,000 in bonds. It should be noted that, apart from authority to issue bonds, it has available a capital stock revolving fund of \$200,000,000 under the provisions of Public Law 505, Seventy-ninth Congress, second session. Therefore, provision is made in the bill for reducing the amount of bonds the Corporation may issue and have outstanding at any one time to \$500,000,000. The administrative expenses of the Corporation for 1949 are estimated in the budget at \$2,160,700. This estimate has been reduced by the committee in the bill to \$2,000,000, which, in view of the fact that the only activities of the Corporation in 1949 relate to liquidating and servicing outstanding loans, is adequate.

In the course of its review of the budget of the Corporation, the committee discovered a transaction which it found to be extremely unpalatable.

In June 1947, the St. Paul land bank returned the Government's investment of \$76,882,258 to the revolving fund in the United States Treasury, thus completing the withdrawal of Government capital from the land banks. This repayment was partly accomplished by a loan from the Federal Farm Mortgage Corporation, a wholly owned Government corporation, in the amount of \$21,000,000 with interest at 1 percent per annum. The funds for this loan were obtained from the United States Treasury at an interest rate of 1 percent, which was

below the then current average rate of 1.77 for Treasury borrowings. The net effects were: (1) The Government continues to supply \$21,000,000 capital to the land bank, (2) the Government receives 1 percent per annum interest on the capital, (3) the Congress has lost audit control over the land bank. Regardless of the legality of this transaction, the bank has escaped a control intended to protect the Government's investment without actually having returned the investment. Furthermore, the bank under the new situation pays the Government 1-percent return on its investment, notwithstanding the provision of law that prohibits dividends on Government capital supplied to the land banks.

At June 30, 1947, after repayment of the Government capital, the St. Paul bank had capital and surplus of only \$22,700,000. In order to return the Government capital, the bank, in addition to the loan from Federal Farm Mortgage Corporation, borrowed \$19,000,000 from commercial banks at an interest rate of 1½ percent, and disposed of investments in United States Treasury bonds in the amount of approximately \$37,000,000. The disposal of United States Treasury bonds and return of the proceeds to the Treasury in reduction of capital is commendable. However, the interest cost on borrowings described above amounts to \$423,750 per annum—a seemingly high price to pay for the tangible benefits, if any, received. On the whole, the transaction has the earmarks of a subterfuge designed to create the impression that the bank has repaid all Government capital and thereby attained complete private ownership in the bank, whereas, in fact, the Government still had \$21,000,000 invested. This action by the St. Paul Land Bank and sanction thereof by the Governor of the Farm Credit Administration is deserving of the highest censure.

FEDERAL INTERMEDIATE CREDIT BANKS

The 12 Federal intermediate credit banks were organized pursuant to the Agricultural Credits Act of 1923. Their term of existence is not limited. They are agricultural banks of discount and are not authorized to make loans to individuals. Their loans and discounts must be for agricultural purposes and have a maturity, at the time they are made and discounted, of not more than 3 years.

The banks provide a permanent source of credit for local lending institutions to supply agriculture with the types of credit needed at reasonable rates of interest and with maturities adapted to the normal liquidating seasons of the industry. They are not authorized to accept deposits of funds otherwise than as collateral security.

To accomplish these purposes the banks issue and sell, pursuant to law, consolidated debentures which are not guaranteed by the United States either as to principal or interest. The sales of these debentures to the investing public, including large banking institutions in the financial centers, provide funds at rates comparable to those on the highest class of securities sold on the investment markets, other than governments, with the result that the farmers using the system are assured of credit on a sound basis adapted specifically to their needs at wholesale rates plus the cost of operating the lending system, including the maintenance of reasonable and necessary reserves.

Each intermediate credit bank operates under the direction of a district farm-credit board of seven members, who are ex officio the directors of the Federal intermediate credit bank, Federal land bank,

district banks for cooperatives, and production credit corporation serving the district.

The total capital of the 12 banks, \$60,000,000, was subscribed by the Secretary of the Treasury and the capital and unimpaired surpluses on June 30, 1947, totaled \$93,377,676. It is expected that this figure will reach \$95,161,552 by June 30, 1949.

During the year ended June 30, 1947, the banks made loans and discounted paper amounting to \$1,140,071,351 and received repayments of \$1,084,259,215. For 1948, lending activities are estimated at \$1,171,676,000 with repayments of \$1,134,696,281, and for 1949 at \$1,251,391,000, with repayments of \$1,216,903,300.

As of June 30, 1947, the banks had outstanding unmatured debentures and notes amounting to \$356,860,000, and it is anticipated that these obligations will total \$438,294,000 by June 30, 1949.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$1, 175, 676, 000	\$1, 254, 891, 000
Expenses.....	6, 039, 500	¹ 7, 160, 700
Retirement of borrowings and distribution of surplus.....	695, 614, 300	809, 193, 000
Increase in working capital.....	3, 668, 957	
Total funds applied.....	1, 880, 988, 757	2, 071, 244, 700
Funds provided:		
Realization of assets.....	1, 138, 696, 281	1, 219, 903, 300
Income.....	7, 240, 476	8, 052, 400
Borrowings.....	735, 062, 000	841, 868, 000
Decrease in working capital.....		1, 421, 000
Total funds provided.....	1, 880, 998, 757	2, 071, 244, 700

¹ Includes administrative expenses estimated at \$1,647,800, and reduced by committee to \$1,500,000.

Administrative expenses are estimated in the budget for 1949 at \$1,647,800, which has been reduced by the committee to \$1,500,000. Such expenses in fiscal year 1947 amounted to \$1,585,000. In 1948 a limitation of \$1,250,000 was provided and a supplemental estimate of \$107,500 for 1948 has been approved and provided for in the bill.

Officials of the Farm Credit Administration testified they are exploring the possibility of having the intermediate credit banks converted to the ownership of those who use the banks. The committee would encourage such a move, provided the conversion were complete and without recourse to the Federal Treasury.

PRODUCTION CREDIT CORPORATIONS

The 12 production credit corporations were chartered in 1933 by the Governor of the Farm Credit Administration pursuant to the Farm Credit Act of 1933. These corporations each serve one farm-credit district.

In each district the farm-credit board elected or appointed as prescribed by law serves as the board of directors of the corporation. The principal functions of these corporations are to organize, partially capitalize, and supervise local cooperative production credit associations. The active associations, of which there were 504 on June 30, 1947, together with the 12 corporations operating under the supervision of the Farm Credit Administration constitute a permanent

system for making short-term agricultural loans to farmers and stockmen in all parts of the country and Puerto Rico.

The initial capital stock of each corporation was provided in the sum of \$7,500,000 to be subscribed by the Governor and held by him on behalf of the United States. Payment for capital stock was made from a revolving fund of \$120,000,000 provided for the purpose.

Additions to the initial capital stock were made by the Governor until March 1935 when the full \$120,000,000 had been subscribed and subscriptions in that sum were maintained for most of the period from that time to March 1944. During that period a general redistribution of capital stock was made on three occasions while transfers affecting several corporations were made on two other occasions.

The capital of the corporations and most of their surplus is invested in class A stock of production credit associations and in United States Treasury bonds. The income from the corporations' investments is used to pay expenses and to build reserves.

On June 30, 1947, the surplus of the corporations aggregated \$16,126,978, or 17.4 percent of their paid-in capital.

Retirements of the capital stock of the corporations were made in the sum of \$6,700,000 in April 1945, \$7,050,000 in May 1946, and \$8,600,000 in the fiscal year 1947. On June 30, 1947, the aggregate paid-in capital of the corporations was \$92,650,000.

The corporations have no specific borrowing authority and have never had occasion to resort to borrowed funds. Each of the corporations is a separate entity and operates within its own financial structure, but with Government capital.

Because of the anticipated continued improvement in the financial condition of the production credit associations through 1949, it is estimated in the budget for 1949 that associations will retire class A stock owned by the corporations in an amount sufficient to enable the corporations to reduce their capital stock owned by the Government from \$85,525,000 to \$79,250,000 and thereby return \$6,275,000 to the Treasury of the United States.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$12,396,600	\$12,544,100
Expenses.....	1,600,000	¹ 1,602,600
Retirement of capital.....	7,125,000	6,275,000
Total funds applied.....	21,121,600	20,421,700
Funds provided:		
Realization of assets.....	19,148,700	18,637,500
Income.....	1,750,000	1,715,900
Decrease in working capital.....	222,900	38,300
Total funds provided.....	21,121,600	20,421,700

¹ Includes administrative expenses estimated at \$1,602,600, and reduced by committee to \$1,000,000.

The budget estimate of administrative expenses for these corporations in 1949 amounts to \$1,602,600, which has been reduced by the committee to \$1,000,000. In the foregoing condensed statement of sources and application of funds for 1949 the item of \$12,544,100 "acquisition of assets" includes \$370,000 for investment in class A

stock of production credit associations, \$5,886,000 (at par value) for the purchase of United States bonds, \$238,100 for premiums to be paid on the purchase of securities, and \$6,050,000 (at par value) for repurchase of securities from production credit associations. Of the item "realization of assets," \$18,667,500 for 1949, \$6,120,000 represents retirement of class A stock investment in production credit associations, \$5,911,000 represents par value of United States bonds to be sold in the open market, \$374,500 represents estimated profit on securities to be sold in the open market, and \$6,262,000 is the estimated par value of securities to be sold to production credit associations under repurchase agreements.

Thus, it can be seen that these wholly owned governmental agencies are trading in Government bonds in a manner indicative of speculation.

The United States Government at present has invested in production credit corporations approximately \$85,000,000, and the corporations in turn have approximately \$65,000,000 invested in the bonds of the United States. The unreserved earned surplus of the corporations at the present time approximates \$16,000,000. The production credit corporations supervise the production credit associations, supply services to them, and supply them with Government capital, all without compensation, except as the associations see fit to pay dividends on the Government capital and except for costs of examination. Such dividends through June 30, 1946, aggregated only \$531,329, and in 1947 were \$28,350 on an average investment during the year of approximately \$44,000,000, a return of slightly over six one-hundredths of 1 percent. The Solicitor of the Department of Agriculture is of the opinion that the expenses of the production credit corporations for cost of services furnished to associations cannot be charged or assessed to the associations, but that the associations are not prohibited to pay such costs voluntarily. Some associations may require aid for the payment of costs of services furnished them, but the Government should realize a net recovery of its costs with respect to the associations that are financially able to pay a part or all of such costs, and the limitation in the bill should not be considered as a prohibition against the PCC's performing services for PCA's on a reimbursable basis.

The committee is of the opinion that the corporations should liquidate \$60,000,000 of their investment in United States Treasury bonds and return the proceeds to the Treasury. The budget program for 1949 does not anticipate the use of these funds, and the committee can see no justification for taking money out of one pocket of the Federal Government and putting it into another, in order to show a net income for the operations of the Production Credit Corporations. Provision has been made in the bill to effectuate this recommendation.

REGIONAL AGRICULTURAL CREDIT CORPORATION

The Reconstruction Finance Corporation was authorized by the Emergency Relief and Construction Act of 1932 to establish a Regional Agricultural Credit Corporation in each of the Federal land-bank districts to make loans to farmers and stockmen for agricultural purposes.

These corporations were supervised and controlled by the Reconstruction Finance Corporation until May 27, 1933, when such supervision and control was transferred to the Farm Credit Administration.

As a result of the creation of the production credit system and the reestablishment of lending by commercial banks it became apparent that in some land-bank districts the lending activities of these corporations could be curtailed and in some instances discontinued without detriment to the farmers. Accordingly, by a series of mergers authorized by the Farm Credit Act of 1937 these corporations were merged into the Regional Agricultural Credit Corporation of Washington, D. C., the mergers having been completed by January 31, 1944.

The Corporation is authorized to make loans and advances to farmers and stockmen, the proceeds of which are to be used for agricultural purposes (including crop production) or for raising, breeding, fattening, or marketing of livestock (12 U. S. C. 1148). The Department of Agriculture Appropriation Act, 1944, restricted the operations of the Corporation by terminating its active lending operations under the Secretary of Agriculture's food-production program after June 30, 1943, except for commitments already outstanding and further loans and advances to aid in the collection of outstanding loans and advances. This act and similar acts for subsequent years permit the Secretary to authorize and direct the Corporation to make loans to finance the production of specified crops and livestock in specific areas or regions in which the Secretary shall have found that such loans for specified agricultural purposes and for limited time periods are necessary because of economic emergencies or production disasters. Any such loan applications must be accompanied by a certificate of refusal of the loan or advance by a local bank or the production credit association serving the area.

The Corporation is not now engaged in any lending program and, therefore, its activity in 1949 will be restricted principally to servicing and collecting its outstanding loans.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
Acquisition of assets.....	\$50, 000	\$10, 000
Expenses.....	155, 100	¹ 46, 900
Return of paid-in surplus to U. S. Treasury.....	12, 500, 000	0
Increase in working capital.....	0	171, 300
Total funds applied.....	12, 705, 100	228, 200
Funds provided:		
Realization of assets.....	418, 157	199, 000
Income.....	51, 000	29, 200
Decrease in working capital.....	12, 235, 943	0
Total funds provided.....	12, 705, 100	228, 200

¹ Includes administrative expenses estimated at \$46,800.

Administrative expenses for the fiscal year 1949 are approved by the committee in the amount of \$46,800, as estimated in the budget. A supplemental estimate relating to the administrative expenses for the fiscal year 1948 which would authorize an increase in the amount available for payment to the Farm Credit Administration for supervisory or other services in the amount of \$12,000, is recommended for approval, and appropriate provision therefor has been included in the

bill. The corporation has access to a revolving fund in the Treasury for investment in Regional Agricultural Credit Corporations. The current limitation on such fund of \$44,400,000 has been reduced by the committee to \$25,000,000 by provision in the bill.

FARM CREDIT ADMINISTRATION, CENTRAL OFFICE

The Farm Credit Administration is for the most part a supervisory and regulatory agency charged with the responsibility of administering and coordinating a national program of agricultural credit pursuant to Executive Order 6084, dated March 27, 1933, issued pursuant to the Legislative Appropriation Act of 1933, approved June 30, 1932, as amended, and the authority subsequently vested in the Administration. The job of the credit institutions operating under the supervision of the Farm Credit Administration is to provide a source of credit where farmers, ranchers, and their cooperative associations can obtain the credit on terms best suited to their individual requirements. In addition to the lending programs under its supervision, the Administration provides research and service facilities to farmer cooperative associations pursuant to the Cooperative Marketing Act of 1926 (44 Stat. 802).

This appropriation item provides for the general administrative expenses of the Farm Credit Administration in discharging its responsibilities for supervision, coordination, and examination of the banks and corporations under its jurisdiction, the liquidation of the agricultural marketing revolving fund, and the extension of services to cooperative associations of agricultural producers. The present agricultural lending program under the supervision of the Farm Credit Administration is carried forward through corporations operating in the 12 farm credit districts into which the continental United States is divided.

The budget requested an appropriation from the Treasury in amount of \$531,000 for salaries and expenses of the central office of the Farm Credit Administration in 1949. The committee has approved \$500,000; a reduction of \$31,000 below the estimate.

RECONSTRUCTION FINANCE CORPORATION

The Reconstruction Finance Corporation was created by act of Congress approved January 22, 1932. Its functions have been changed from time to time by amendatory and supplemental legislation, and its succession was extended to June 30, 1948, by Public Law 132, Eightieth Congress, approved June 30, 1947. Under the provisions of that act, the Corporation is authorized—

(1) To purchase the obligations of, and make loans to, any business enterprise organized or operating under the laws of any State or of the United States;

(2) To make loans to any financial institution organized under the laws of any State or of the United States;

(3) To purchase the securities and obligations of, or to make loans to, (a) municipalities and political subdivisions of States; (b) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States; and (c) public corporations, boards, and commissions, to aid in financing projects authorized under Federal, State, or municipal law (limited to \$125,000,000 by the

Supplemental Government Corporations Appropriation Act, 1948, Public Law 256, 80th Cong.);

(4) To make such loans, in an aggregate amount not to exceed \$25,000,000 outstanding at any one time, as it may determine to be necessary or appropriate because of floods or other catastrophes;

(5) To exercise the functions, powers, duties, and authority of the Defense Plants Corporation, Metals Reserve Company, Rubber Reserve Company, Defense Supplies Corporation, and Disaster Loan Corporation which were transferred to the Reconstruction Finance Corporation by Public Law 109, Seventy-ninth Congress, but only with respect to programs, projects, or commitments outstanding at June 30, 1947;

(6) To liquidate the affairs of Smaller War Plants Corporation;

(7) To purchase any surplus property for resale to small business, subject to regulations of the War Assets Administrator or his successor. Such sales may be made on a credit or time basis.

The total amount of investments, loans, purchases, and commitments made pursuant to section 4 of the Reconstruction Finance Corporation Act, as amended, covering items (1), (2), (3), and (4) above shall not exceed \$2,000,000,000 outstanding at any one time.

In addition to the foregoing, the Corporation is authorized—

(a) To continue until June 30, 1949, or until such earlier time as the Congress shall otherwise provide, (1) to buy, sell, and transport tin, and tin ore and concentrates; (2) to improve, maintain, and operate by lease or otherwise the Government-owned tin smelter at Texas City, Tex.; (3) to finance research in tin smelting and processing; and (4) to do all other things necessary to the accomplishment of the foregoing—act approved June 28, 1947 (Public Law 125, 80th Cong.); and

(b) To continue the manufacture and sale of synthetic rubber until June 30, 1950—act approved March 31, 1948 (Public Law 469) and Executive Order 9942, issued April 1, 1948.

Under the provisions of section 203 of Public Law 132, Eightieth Congress, the assets and liabilities of the RFC Mortgage Company, a former subsidiary, were transferred to the Reconstruction Finance Corporation and all of its activities have ceased. There remains to be completed its technical dissolution under the laws of the State of Maryland, which dissolution will be effected prior to June 30, 1948. The assets and liabilities of War Damage Corporation will be transferred to the Reconstruction Finance Corporation during the fiscal year 1948 for liquidation, and War Damage Corporation will be dissolved. The U. S. Commercial Company will be dissolved not later than June 30, 1948, and its assets and liabilities will be transferred to the Reconstruction Finance Corporation for liquidation.

The Corporation has outstanding capital stock of \$325,000,000, all of which is owned and held by the Secretary of the Treasury.

The act extending the Reconstruction Finance Corporation (Public Law 132, 80th Cong.) rescinded the several individual grants of authority to borrow from the Secretary of the Treasury and instead provides that the Corporation “may issue to the Secretary of the Treasury its notes, debentures, bonds or other such obligations in an amount outstanding at any one time sufficient to enable the Corporation to carry out its functions under this act or any other provision of law.” The act further provides that “Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into con-

sideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Corporation."

LEGISLATION TO EXTEND RFC

Legislation (S. 2287) which would continue the succession of the Reconstruction Finance Corporation and revise its current authority has been passed by the Senate. The Senate bill has been passed by the House with certain modifications. In summary, this legislation would change the current authority of the Reconstruction Finance Corporation as follows:

As passed by the Senate, the Corporation would be authorized to purchase preferred stock issued by banks, trust companies, and insurance companies. The bill, as passed by the House would not authorize the purchase of such preferred stock.

The Senate version of the bill would terminate the Corporation's authority to purchase surplus-property for resale to small business. However, the House version of the bill would not terminate this authority.

As passed by the Senate, the total amount of new investments, loans, purchases, and commitments that may be outstanding at any one time will be reduced from the current limitation of \$2,000,000,000 to \$1,000,000,000. The action of the House in this respect would establish such amount at \$1,500,000,000.

The Senate action would terminate the life of the Federal National Mortgage Association and transfer its assets to the Reconstruction Finance Corporation and discontinue the authority of the Corporation to purchase Federal Housing Administration insured mortgages. The House action would continue the Federal National Mortgage Association on an active basis.

The bill as passed by the Senate would reduce Reconstruction Finance Corporation's outstanding capital stock of \$325,000,000 to \$100,000,000 and require the Corporation to pay into miscellaneous receipts of the Treasury all surplus in excess of \$50,000,000. The only change in the latter by the House would be to require the Corporation to pay as miscellaneous receipts all of its surplus in excess of \$400,000,000.

The following tabulation of sources and application of funds presents the budget program of the Corporation in 1949 (1) on the basis of a verbatim extension of its present powers, (2) on the basis of the bill as passed by the Senate, and (3) on the basis of the bill as passed by the House.

Condensed statement of sources and application of funds

	Estimate, 1948	Original budget estimate, 1949	Estimate under Senate version S. 2287	Estimate under House Com- mittee version S. 2287
SUMMARY OF APPLICATION AND SOURCES OF FUNDS				
Funds applied:				
To operating program:				
Lending program, pt. 1, exhibit A:				
Acquisition of assets.....	\$323,343,000	\$199,745,000	\$209,745,000	\$297,745,000
Operating expenses.....	704,000	725,500	725,500	725,500
Increase in working capital items.....	2,811,246	1,500,000	1,500,000	1,500,000
	<u>326,858,246</u>	<u>201,970,500</u>	<u>211,970,500</u>	<u>299,970,500</u>

Condensed statement of sources and application of funds—Continued

	Estimate, 1948	Original budget estimate, 1949	Estimate under Senate version S. 2287	Estimate under House Com- mittee version S. 2287
SUMMARY OF APPLICATION AND SOURCES OF FUNDS—continued				
Funds applied—Continued				
To operating program—Continued				
Nonlending program, pt. II, exhibit A:				
Acquisition of assets.....	\$298, 129, 000	\$215, 350, 000	\$215, 350, 000	\$215, 350, 000
Operating expenses.....	70, 325, 104	34, 349, 000	34, 349, 000	34, 349, 000
Increase in working capital items.....	104, 180, 417	6, 180, 000	6, 180, 000	6, 180, 000
	472, 634, 521	255, 879, 000	255, 879, 000	255, 879, 000
Intragovernmental operations, pt. IV, exhibit A:				
Acquisition of assets.....				
Payments into miscellaneous receipts of U. S. Treasury and other Government agencies.....	428, 132, 595	50, 211, 494	796, 119, 657	441, 357, 494
Increase in working capital items.....	77, 365, 658	465, 000	465, 000	465, 000
	505, 498, 253	50, 676, 494	796, 584, 657	441, 822, 494
To administrative expenses, pt. III exhibit A.....	36, 365, 000	26, 481, 000	26, 331, 000	26, 481, 000
Total funds applied.....	1, 341, 356, 020	535, 006, 994	1, 290, 765, 157	1, 024, 152, 994
To cancellation of notes to U. S. Treasury to restore capital impair- ment in the amount of unrecovered costs and net expenses resulting from national defense, war and re- conversion activities, pt. IV, ex- hibit A.....		9, 313, 736, 531	9, 313, 736, 531	9, 313, 736, 531
Total funds applied, including note cancellation.....	1, 341, 356, 020	9, 848, 743, 525	10, 604, 501, 688	10, 337, 889, 525
Funds provided:				
By operating program:				
Lending program, pt. I, exhibit A:				
Realization of assets.....	238, 954, 109	197, 298, 000	197, 298, 000	201, 298, 000
Income.....	37, 230, 000	38, 695, 000	38, 695, 000	41, 695, 000
Decrease in working capital items.....	4, 406, 480	1, 211, 200	1, 211, 200	1, 211, 200
	280, 590, 589	237, 204, 200	237, 204, 200	244, 204, 200
Nonlending program, pt. II, exhibit A:				
Realization of assets.....	507, 637, 507	282, 042, 000	282, 042, 000	282, 042, 000
Income.....	25, 763, 330	10, 523, 700	10, 523, 700	10, 523, 700
Decrease in working capital items.....	44, 210, 468	14, 337, 094	14, 337, 094	14, 337, 094
	577, 611, 305	306, 902, 794	306, 902, 794	306, 902, 794
Intragovernmental operations, pt. IV, exhibit A:				
Realization of assets.....	176, 901, 364			
Decrease in working capital items.....	55, 806, 987			
	232, 708, 351			
Total funds provided.....	1, 090, 910, 245	544, 106, 994	544, 106, 994	551, 106, 994
By credit due Reconstruction Fi- nance Corporation for notes can- celed to restore capital impairment, pt. IV, exhibit A.....		9, 313, 736, 531	9, 313, 736, 531	9, 313, 736, 531
Total funds provided including note cancellation.....	1, 090, 910, 245	9, 857, 843, 525	9, 857, 843, 525	9, 864, 843, 525
Net expenditure (or receipt) ¹	250, 445, 775	¹ 9, 100, 000	746, 658, 163	473, 046, 000
Less, cancellation of notes due to transfer of assets to U. S. Treasury, pt. IV, exhibit A.....	693, 141, 215	20, 000, 000	20, 000, 000	20, 000, 000
Combined net budget, charge or credit ¹	¹ 442, 695, 440	¹ 29, 100, 000	726, 658, 163	453, 046, 000

¹ Denotes receipts.

The Budget Division of the Reconstruction Finance Corporation, at the request of the committee, has prepared the following statement showing, on a different basis from that presented in the foregoing statement of sources and application of funds, the effect of pending legislation upon the budget of the Corporation.

Statement showing effect of the Senate and the House versions of S. 2287 upon the budget of the Corporation

	Budget as submitted	As revised, Senate version of S. 2287	Increase or decrease *	As revised, House version of S. 2287	Increase or decrease *
Recapitulation of net budget:					
Program operations:					
Disbursements:					
Lending operations, pt. I, exhibit A.....	\$201, 970, 500	\$211, 970, 500	¹ \$10, 000, 000	\$299, 970, 500	¹ \$98, 000, 000
Nonlending operations, pt. II, exhibit A.....	255, 879, 000	255, 879, 000	-----	255, 879, 000	-----
Administrative expenses, pt. III, exhibit A.....	26, 481, 000	26, 331, 000	* ² 150, 000	26, 481, 000	-----
Total.....	484, 330, 500	494, 180, 500	9, 850, 000	582, 330, 500	98, 000, 000
Receipts:					
Lending operations, pt. I, exhibit A.....	237, 204, 200	237, 204, 200	-----	¹ 244, 204, 200	¹ 7, 000, 000
Nonlending operations, pt. II, exhibit A.....	306, 902, 794	306, 902, 794	-----	306, 902, 794	-----
Total.....	544, 106, 994	544, 106, 994	-----	551, 106, 994	7, 000, 000
Net budget, charge or credit*.....	* 59, 776, 494	* 49, 926, 494	9, 850, 000	31, 223, 506	91, 000, 000
Intragovernmental transactions (cash) pt. IV, exhibit A:					
Disbursements.....	50, 676, 494	796, 584, 657	³ 745, 908, 163	441, 822, 494	³ 391, 146, 000
Receipts.....	-----	-----	-----	-----	-----
Net charge or credit*.....	50, 676, 494	796, 584, 657	745, 908, 163	441, 822, 494	391, 146, 000
Net budget for cash transactions.....	*9, 100, 000	746, 658, 163	755, 758, 163	473, 046, 000	482, 146, 000
Intragovernmental transactions resulting in reduction of RFC note account with U. S. Treasury from transfer of assets, pt. IV, exhibit A.....	*20, 000, 000	*20, 000, 000	-----	*20, 000, 000	-----
Combined net budget, charge or credit*.....	*29, 100, 000	726, 658, 163	755, 758, 163	453, 046, 000	482, 146, 000
Fiscal effect of net budget:					
Net funds borrowed from U. S. Treasury:					
Gross borrowings.....	37, 439, 333	743, 197, 496	705, 758, 163	489, 871, 827	452, 432, 494
Gross repayments.....	9, 713, 506	9, 713, 506	-----	30, 000, 000	20, 286, 494
Net funds borrowed.....	27, 725, 827	733, 483, 990	705, 758, 163	459, 871, 827	432, 146, 000
Net reduction in note account by transfer of assets.....	20, 000, 000	20, 000, 000	-----	20, 000, 000	-----
Net change in note count.....	7, 725, 827	713, 483, 990	705, 758, 163	439, 871, 827	432, 146, 000

See footnotes at end of table, p. 53.

Statement showing effect of the Senate and the House versions of S. 2287 upon the budget of the Corporation—Continued

	Budget as submitted	As revised, Senate version of S. 2287	Increase or decrease *	As revised, House version of S. 2287	Increase or decrease *
Increase or decrease* in RFC cash balance-----	\$36, 825, 827	*\$13, 174, 173	\$50, 000, 000	*\$13, 174, 173	\$50, 000, 000
Net budget, charge or credit*-----	*29, 100, 000	726, 658, 163	755, 758, 163	453, 046, 000	482, 146, 000

¹ Purchase of, or loans on, preferred stocks of banks, trust companies, and insurance companies. House version kills this provision but continues the secondary market for FHA insured mortgages. Based upon recent heavy offerings of such mortgages, it is now estimated that the Corporation will be called upon to purchase \$70,000,000 of FHA insured mortgages in the fiscal year 1949, or \$68,000,000 more than reflected in the budget as submitted. Principal and interest collections on such mortgages will increase in the estimated amount of \$6,000,000. Sec. 4, subsec. (3) of the House version of S. 2287 places a limit of \$125,000,000 on Public Agency loans and commitments made subsequent to June 30, 1947. This will permit the Corporation to approve additional applications for such loans, and it is estimated that disbursements for this purpose will increase by \$30,000,000 and collections by \$1,000,000.

² Decrease in administrative expenses of Federal National Mortgage Association. The House bill requires the continuance of FNMA, hence these funds will be needed.

³ The Senate version of S. 2287 provided for a reduction in the capital stock of the Corporation from \$325,000,000 to \$100,000,000 and also provided that all surplus in excess of \$50,000,000 be paid in to "Miscellaneous receipts of the Treasury." The House version makes the same requirement as to capital stock but provides that surplus in excess of \$400,000,000 be paid to the Treasury. These payments, plus interest payments to the Treasury, make up the above amounts.

ADMINISTRATIVE EXPENSES

The administrative expense limitation of \$25,796,000 proposed in the budget for 1949 has been reduced by the committee by \$1,000,000 to \$24,796,000. If the legislation finally enacted with respect to the succession and authority of the Reconstruction Finance Corporation materially changes its contemplated operations in 1949, appropriate recommendations can be then made.

The principal effect on the administrative expenses of the Corporation will depend upon whether or not the Federal National Mortgage Association is maintained as a going concern. Officials of the Reconstruction Finance Corporation estimate that the Corporation will be called upon to purchase \$70,000,000 of Federal Housing Administration insured mortgages in the fiscal year 1949, or \$68,000,000 more than reflected in the budget as originally submitted. Therefore, if a program of purchasing such loans is continued, administrative expenses may require revision.

The limitation formerly carried in the appropriation bill on the amount of public agency loans authorized to be outstanding has been deleted since provision therefor is included in the authorizing bill as passed by the House.

SERVICES TO SMALL BUSINESS

The committee desires to point out that the action by the House in allowing Reconstruction Finance Corporation to retain a surplus of \$400,000,000 would have a salutary effect on the activities of the Corporation in aiding the small business of the country. This would provide a reasonable amount of interest-free capital funds for the Corporation, thus permitting it to incur expenses in investigating and setting up loan applications, with a view to interesting private lending agencies in making loans, which the Reconstruction Finance Corporation believes private capital should make. If Reconstruction Finance Corporation does not make loans after investigating and setting up loan applications, there is, of course, no return to compensate for its expenses thus incurred. Interest-free capital for the Corporation per-

mits it to absorb such expenses and thus to give concrete recognition to the public interest position in which the Corporation functions and in carrying out expressly one of the policies enunciated in both the Senate and House version of the RFC Extension Act, i. e., "to encourage small business." However, the Corporation, in its annual financial and budgetary reports, should reflect any such expenses so as to reveal the extent of the Federal subsidy involved.

LIQUIDATION OF WAR ACTIVITIES AND PROGRAMS

Administrative expenses applicable to nonlending operations, as shown in exhibit B-3 of the Corporation's budget, are \$7,812,000 for fiscal 1949. The principal part of the operations not under the lending program consist of liquidating activities, which up to now have been major programs but which are now entering their final termination stage or are in process of liquidation. The exceptions are operation of the synthetic-rubber plants and the Texas City tin smelter. Hence a substantial portion of the administrative expenses for nonlending activities are requested for work incident to disposition of property, settlement of claims, termination of leases, and other liquidation activities. It is noted that the Corporation has apparently taken cognizance of the propensity of liquidation activities to become inordinately complex and extended in time and has planned to merge or otherwise reorganize its offices of Defense Plants, Metals Reserve, Rubber Reserve, and Defense Supplies, so as to effectuate reductions in administrative overhead and to facilitate reductions in force. The committee is pleased to note that this arrangement will probably be made by the beginning of the fiscal year 1949.

It is recognized that in connection with liquidating these war and related activities proper care must be exercised to obviate injuring the rights of interested parties and to protect the Government's interests, and that the Corporation may be called upon to retain certain plants and facilities necessary to national defense activities, but consistent with the foregoing persistent and aggressive efforts should be made to complete this activity at the earliest possible date. The Corporation should set definite time goals for the termination of specific portions of the program and insist that the goals be met without delay. When hearings are conducted on the budget program for 1950, the committee expects to review the liquidation program thoroughly.

CANCELLATION OF UNRECOVERABLE WAR AND DEFENSE EXPENSES

Section 102 of the Government Corporation Control Act (Public Law 248, 79th Cong.) requires submission with the annual budget program of a statement of the appropriation required to provide for the restoration of capital impairment.

The cumulative unrecoverable net cost to the Corporation and its subsidiaries of the programs involving national defense, war and related activities (exclusive of the War Damage insurance program) aggregated \$8,632,714,519 through June 30, 1947. As of that date, the Corporation held assets valued at \$681,022,012 (the estimated recovery value) on which no recovery will be realized by the Corporation since any receipts from disposition thereof will be deposited in miscellaneous receipts of the Treasury. This made a total of

\$9,313,736,531 of unrecovered costs and net expenses on the non-lending programs involving national defense, war, and related purposes.

These unrecovered costs have been financed by borrowings from the Treasury during past years on which the Corporation continues to pay interest which, of course, continues to add to the deficit from these programs and, simultaneously, constitutes a not insignificant part of the Federal Budget. This charge to the Federal Budget is, of course, offset exactly by an equivalent amount of income credited to miscellaneous receipts account of the Treasury with the result that both the expenditures and the revenues of the Government will continue to be increased so long as the notes representing the deficit of the Corporation from these nonlending programs continue to remain outstanding. It is obvious that notes in the amount of this deficit have only a relatively small realizable value insofar as the Treasury Department or the Government are concerned, and it would appear that the Congress should authorize and direct the Secretary of the Treasury to cancel the Corporation's notes in the amount of the unrecoverable costs of these defense, war, and related programs.

The budget of the Corporation provides for elimination of the deficit of \$9,313,736,531 described above by cancellation of the Corporation's notes held by the Treasury in a like amount, and further that any amounts recovered by the Corporation with respect to these activities subsequent to June 30, 1947, shall, after deduction of related expenses, be deposited in the Treasury as miscellaneous receipts.

As stated above, estimated net recoveries to be realized from collections and sales under these nonlending programs subsequent to June 30, 1947, are \$681,022,012. It is estimated that this total will be reduced to \$233,039,629 by June 30, 1949, as the result of estimated operating losses (consisting principally of the write-off of the value of materials to be transferred to the national stock pile without reimbursement to the Corporation) of \$395,679,647 and \$9,680,242 in the fiscal years 1948 and 1949, respectively, the payment of \$43,211,494 to the Treasury in the fiscal year 1949, representing the excess of cash receipts over disbursements during that year, less a surplus adjustment of \$589,000.

SUMMARY OF UNRECOVERABLE WAR AND DEFENSE EXPENSES

The following consolidated statement prepared by the Corporation Audits Division of the General Accounting Office summarizes the items requested to be canceled:

Statement of net expenditures for national defense, war and related purposes, financed by RFC borrowings from the U. S. Treasury from inception to June 30, 1947

Assets remaining for disposal:		
Defense plants and facilities.....	\$1,984,700,229	
Inventories of commodities.....	346,967,934	
Loans, advances, and receivables arising principally from trading activities.....	193,793,099	
Other assets.....	46,938,993	
		\$2,572,400,255
Assets transferred to other U. S. Government agencies without reimbursement:		
Declared surplus:		
Defense plants and facilities.....	\$4,597,579,682	
Commodities, equipment, and supplies.....	84,200,343	
		4,681,780,025
Commodities transferred to national stock pile.....		251,095,164
Hotel Empire, San Francisco, transferred to Public Buildings Administration.....		2,137,869
		4,935,013,058

Statement of net expenditures for national defense, war and related purposes, financed by RFC borrowings from the U. S. Treasury from inception to June 30, 1947—
Continued

Subsidies, operating, and other losses:

Direct subsidies.....		\$3, 035, 723, 714	
Operating losses:			
Trading in commodities, principally strategic and critical materials.....	\$326, 391, 190		
Manufacturing and processing operations conducted by agents in plants owned by the Corporation.....	250, 274, 593		
Transportation and other miscellaneous activities.....	125, 013, 295		
Preclusive trading abroad, including activities conducted jointly with United Kingdom Commercial Corporation.....	117, 540, 613		
Pacific Ocean area operations conducted by U. S. Commercial Company.....	—3, 249, 968		
		565, 943, 133	
Losses on sales and retirements of defense plants.....		325, 216, 246	
Expenses incurred in connection with construction, leasing, and disposition of defense plants.....		175, 892, 696	
Cost of experimental plywood flying boat.....		18, 247, 963	
Interest expense on funds borrowed from the U. S. Treasury.....		352, 798, 105	
Administrative expense.....		110, 356, 611	
			\$4, 584, 178, 468
Total.....			12, 091, 591, 781
Less:			
Defense plants rentals.....		821, 881, 371	
Net proceeds of renegotiation settlements.....		83, 936, 935	
Fees collected by U. S. Commercial Company for services to the Department of the Army in connection with trade with occupied countries.....		2, 573, 288	
Miscellaneous income and expense (net).....		15, 847, 002	
Recoveries from funds appropriated to other U. S. Government agencies under agreements providing for full or partial reimbursement to RFC of the cost of—			
Defense plants and facilities.....	\$1, 379, 877, 783		
Rubber sold for war use.....	340, 856, 239		
Alcohol sold for war use.....	72, 000, 000		
Petroleum feed stocks diverted to the aviation-gasoline program.....	44, 580, 257		
Other.....	16, 302, 375		
		1, 853, 616, 654	
			2, 777, 855, 250
Net expenditures for national defense, war, and related purposes financed by RFC borrowings from the U. S. Treasury.....			9, 313, 736, 531

NOTE.—The foregoing statement represents a tentative reclassification and resummation of the balances set forth in schedule 3 (pp. 17 and 18) of the Corporation's published report and financial statements of June 30, 1947.

The committee feels that there is no alternative but to cancel these notes as proposed in the budget, and has provided appropriate authorization to that end in the bill.

EXPORT-IMPORT BANK OF WASHINGTON

The Export-Import Bank of Washington is authorized to extend loans and guaranties not in excess at any one time of 3.5 billion dollars—

to aid in financing and to facilitate exports and imports and the exchange of commodities between the United States or any of its Territories or insular possessions and any foreign country or the agencies or nationals thereof.

Total loans, guaranties, and undisbursed credit authorizations outstanding on June 30, 1947, amounted to approximately \$2,689,500,000. The bank's entire authorized capital stock of \$1,000,000,000 has been issued and is held by the Secretary of the Treasury. The bank is authorized to borrow from the Treasury not in excess of two and one-half times its capital stock. As of June 30, 1947, borrowings of the bank from the Treasury amounted to \$516,200,000.

In 1947, the Export-Import Bank Act of 1945 was amended to provide a Federal charter in place of a District of Columbia charter; to extend the life of the Corporation to June 30, 1953; to provide that the bank shall pay interest on borrowings from the Treasury at a rate

determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the bank; and to provide that net earnings of the bank, after reasonable provision for possible losses, shall be used for the payment of dividends on its capital stock.

LENDING POLICIES

In 1945, the bank authorized credits totaling \$655,000,000 to finance purchase of products and services for which requisitions had been filed and approved, but not contracted for, before VJ-day under the lend-lease program. As of June 30, 1946, the credits had been fully disbursed, and repayments are being made.

Prior to the organization and operation of the International Bank, the Export-Import Bank undertook an emergency program of financing United States exports to rehabilitate war-torn countries. This program has been terminated with respect to the funds and operations of the bank under its basic act of 1945, as amended. As previously stated, the committee feels that there should be no resumption of long-term rehabilitation credits by the bank under its 3.5 billion dollar loan ceiling unless expressly authorized by act of Congress. It should be noted that the Economic Cooperation Act of 1948 provides that the bank may make and administer assistance credits to participating countries from funds allocated by the Administrator of Economic Cooperation. Such loans are expressly exempted from the provisions of the Export-Import Bank Act of 1945, as amended.

The bank has generally offered facilities for financing the export or import of goods or services which private capital is unable to undertake, either because the terms of repayment are longer than is customary in commercial bank practice or because of other impediments. Generally, credits under this program, whether initiated by American exporters or foreign purchasers, are required by the bank to be guaranteed, both as to credit and as to availability of dollar exchange for service of the loan, by the government or central bank of the borrowing country.

In addition to the general foreign-trade program described above, the bank makes its facilities available to smaller United States exporters and importers who are unable to secure necessary assistance from commercial banks.

The bank makes no loans in instances where it can be determined that private capital would be available on a reasonable basis, and every effort is exerted to secure participation of private capital in the bank's credits.

OPERATIONS AND EARNINGS

Operations for the fiscal year ending June 30, 1947, showed a net income of \$30,000,000 after charging off all expenses, including interest paid on money borrowed from the Treasury, and charging a reserve for delinquent loans of \$273,000. The entire net earnings for the year were transferred to earned surplus reserved for future contingencies. It is impossible to calculate the future possible losses on loans now in good standing. For this reason the directors have determined that the entire earned surplus of the bank be so reserved as a reasonable provision for possible losses, and no dividends have been paid. The total accumulated earned surplus so reserved

amounted to \$62,000,000 as of June 30, 1947. The committee is in agreement that no dividends should be paid until larger reserves against losses have been accumulated.

As of June 30, 1947, the Secretary of the Treasury determined that the effective rate of interest on new borrowings by the bank would be 1.75 percent per annum. Had the bank paid 1.75 percent on all its borrowings during the year and on all its capital stock outstanding, net earnings would have approximated \$12,700,000. This sum represents the amount earned hypothetically by the bank for the account of the United States after all costs, including interest on all public funds used.

By reporting in its budget presentation the extent to which the payment of interest on all public funds used would reduce its net earnings, the Export-Import Bank has shown a candor not indicated by all Government corporations. The unrevealed subsidies to Government corporations occasioned by nondisclosure of interest-free capital supplied by the Government is commented on earlier in this report.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
FUNDS APPLIED		
To acquisition of assets.....	\$938,302,500	\$655,402,500
To expenses (excluding depreciation and other charges not requiring funds).....	18,805,000	¹ 21,797,500
To retirement of borrowings.....	116,000,000	115,000,000
To increase in working capital.....	992,500	3,947,500
Total funds supplied.....	1,074,100,000	796,147,500
FUNDS PROVIDED		
By realization of assets.....	119,600,000	128,200,000
By income.....	59,500,000	67,947,500
By borrowings and capital subscriptions.....	895,000,000	600,000,000
Total funds provided.....	1,074,100,000	796,147,500

¹ Includes administrative expenses estimated at \$800,000.

Of the item "Acquisition of assets," \$655,400,000 represents the amount estimated to be loaned in 1949. The amount of \$128,200,000 under "Realization of assets," indicates estimated collections of loan principal in 1949. Such collections should more than double those realized in 1947 and exceed by several million dollars 1948 collections. Of its total loan authorization of \$3,500,000,000, it is estimated that the bank will have more than \$3,000,000,000 outstanding in 1949.

Servicing the increasing volume of outstanding loans and credits will constitute a major portion of the bank's activity in 1949. Examination and appraisal of applications for new credits, disbursements under new credits, and existing credits which have not been fully utilized, will also be a continuing part of its program.

In spite of the large volume of funds handled by the bank, by utilizing the services of other Government agencies and private banking institutions it has kept its staff and administrative expenses as small as possible. The committee is satisfied that the estimate of administrative expenses presented in the budget for the Export-Import Bank is justified and accordingly the approval of the amount of \$800,000 is recommended in the accompanying bill.

As previously noted, the Economic Cooperation Act of 1948 provides for the use of this bank to make and administer loans under the

European recovery program. The bank has informed the committee that such activity will not affect its budget as submitted, since it plans to segregate the two operations as much as possible and maintain separate administrative expense accounts.

PANAMA RAILROAD COMPANY

The Panama Railroad Company was incorporated by the State of New York in 1849. In 1904 the majority of its capital stock was acquired by the United States as a part of the assets of the New Panama Canal Company, pursuant to law. The remaining shares were purchased from private owners during 1905.

Policy of the Panama Railroad Company was harmonized with the policy of the Government by making it an adjunct to the construction of the Canal, while at the same time fulfilling the purpose for which it was created. The Panama Canal Act, approved August 24, 1912, authorized the President to establish, maintain, and operate, through the Panama Railroad Company or otherwise, numerous types of business activities related to the Canal, and this legislation constitutes the basic statutory authority for the present activities of the Company.

Although the Company is authorized by its charter to borrow money and to mortgage its property if necessary, it has not done so and has no bonded indebtedness.

Pursuant to section 304 (b) of the Government Corporation Control Act, a bill was drafted recommending that the Panama Railroad Company be reincorporated as a Federal corporation, and is presently under consideration in the Congress.

The operations of the Panama Railroad Company comprise eight distinct functions.

Railroad.—The railroad comprises 50 miles of main-line track between the cities of Panama and Colon, at the Pacific and Atlantic terminals of the Canal, and the usual appurtenances such as freight and passenger stations and terminals, railroad yards, industrial trackage, and the requisite rolling stock.

Harbor terminal facilities.—The harbor terminal facilities consist of docks, piers, and appurtenances necessary for handling, transferring, stevedoring, and storing cargo arriving at the Canal Zone ports of Cristobal and Balboa.

Telephone system.—The telephone system provides telephone service for the Panama Canal and for the civilian communities in the Canal Zone. It also leases trunk lines, circuits, and duct space to the United States Army and Navy and to the Government of the Republic of Panama.

Hotels Tivoli and Washington.—The Hotel Tivoli in Ancon, adjacent to Panama City, is an old frame structure of 132 rooms owned by the Panama Canal, built in 1906, and fully depreciated many years ago. It is operated by the Panama Railroad Company. The Hotel Washington in Colon is a concrete structure of 82 rooms, built in 1913 and owned by the Panama Railroad Company.

In a note accessory to the treaty of 1936 between the United States and the Republic of Panama, the United States agreed that the hotel business proper would be left in the hands of Panamanian industry when suitable hotel accommodations were available in the Republic of Panama. Preparations are now under way for the construction of a large hotel in Panama City; the estimates have been prepared on

the assumption that the new hotel will be in operation about the end of fiscal year 1949.

Commissary division.—The commissary division provides food supplies, clothing, and other essential requirements to Government employees and their families, to establishments of the United States Government located on the Isthmus, and to commercial shipping.

Coaling plants.—The Panama Railroad Company operates two coaling plants, one at each terminus of the Canal, to supply coal to shipping calling at Canal Zone ports, the Balboa coaling plant being now on an inoperative or stand-by basis and bunkering operations are confined to emergency demands.

New York City office and steamship line.—The New York City office of the Panama Railroad Company is the general office of the Company maintained under its charter as a corporation of the State of New York; it is also the main office of the Company in the United States.

The New York office also has direct supervision over and responsibility for the operation of the steamship service and facilities in connection therewith.

The Company's steamship line comprises three identical cargo and passenger steamers of 10,000 gross tons each, built in 1939 at a total cost of \$13,200,000, which normally maintain a weekly service between New York and Cristobal, C. Z.

During the war, all three steamers were withdrawn from the Company's service for use in the war effort. After the cessation of hostilities, they were returned to the Company and after undergoing some overhaul and rehabilitation were restored to their former service.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
FUNDS APPLIED		
To acquisition of assets.....	\$793, 447	\$2, 046, 200
To operating and other costs (excluding depreciation and other charges not requiring funds).....	44, 372, 748	¹ 41, 561, 100
To distribution of surplus: Dividends paid to U. S. Treasury.....	700, 000	700, 000
Total funds applied.....	45, 866, 195	44, 307, 300
FUNDS PROVIDED		
By realization of assets.....	4, 650	4, 650
By income.....	43, 068, 600	43, 591, 700
By decrease in working capital.....	2, 792, 945	710, 950
Total funds provided.....	45, 866, 195	44, 307, 300

¹ Includes administrative expenses estimated at \$715,000.

In fiscal year 1949 the principal expenditures will be for further replacement of boxcars and cargo-handling equipment, the acquisition of new Diesel-powered passenger equipment for the railroad, completion of the laundry annex and the installation of dry-cleaning equipment, and additional work on the new ice-cream and milk-bottling plant.

Retirements of plant and equipment are estimated to amount to \$147,000 in fiscal year 1948 and \$90,000 in fiscal year 1949.

During the fiscal year 1947 the operations of the Company as a whole resulted in a net revenue of \$956,834, in which year a dividend of \$1,250,000 was paid into the Treasury of the United States.

For fiscal year 1948, it is estimated that the operations of the Company as a whole will result in a net revenue of \$664,960, and for fiscal year 1949 in a net revenue of \$772,860, and it is estimated that a dividend of \$700,000, or 10 percent on the capital stock, will be paid into the Treasury of the United States in each of these years.

The earned surplus of the Company is approximately \$47,000,000. The greater portion of the earned surplus is invested in plants and facilities of the Company, but the committee has noted that more than \$13,000,000 of surplus is invested in United States Government bonds. This results in an agency of the United States owning part of the national debt, collecting interest which shows as income and part of the profit, if any, of the Panama Railroad Company, but which is reflected in the Treasury's expense item "Interest on the Public Debt." The committee is unable to recommend that this continue, particularly in view of the fact that the use of these surplus funds is not contemplated or budgeted for use in 1949. Therefore, the accompanying bill requires the payment of a dividend to the Treasury in amount of \$10,000,000 in 1949. Any future budget program requiring funds not available to the corporation at the time contemplated should be presented in advance to the Congress with estimates for such appropriations as may be necessary.

The budget estimate for administrative expenses for 1949 is \$715,000 and on its face appears to be a reduction below the amount of \$750,000 approved for 1948. The apparent decrease is attributable to removing two items of expense from the administrative expense category. For purpose of comparison, if the same basis were used as for computing the administrative expenses for 1948, the 1949 amount would be \$790,000, or an increase of \$40,000 above the amount provided for 1948.

The committee recommends approval of the administrative expenses of the Panama Railroad Company as submitted in the Budget in amount \$715,000, and agrees that the expenses of commissary coupon audit and commissary contraband inspection are properly classified as expenses other than administrative.

FEDERAL PRISON INDUSTRIES, INC.

Federal Prison Industries, Inc., was created as an independent agency in 1934. The corporation as of January 1, 1935, took over the powers, duties, and functions vested in the Attorney General by act of May 27, 1930, theretofore exercised by the industries division of the Bureau of Prisons, Department of Justice. Under Reorganization Plan No. 2, effective July 1, 1939 (5 U. S. C. 133t, note), the corporation (with its board of directors) and its functions were transferred to the Department of Justice to be administered under the general direction and supervision of the Attorney General.

The corporation is authorized to establish and operate, in the Federal prisons, industries for the production of articles and commodities for use in the prisons or for sale to other agencies of the Federal Government, but not for sale to the public in competition with private enterprise. It is required to select such forms of employment as will give prisoners "a maximum opportunity to acquire a knowledge and skill in trades and occupations which will provide them with a means of earning a livelihood upon release" and to diversify its industries so as

to reduce to a minimum competition with private industry or free labor.

By recent act of Congress (Public Law 67, approved May 16, 1947), the corporation is authorized to compensate prisoners employed in important tasks in the maintenance and operation of the prisons.

The corporation has no borrowing or lending power and no capital stock. Net earnings of the corporation from January 1, 1935, to June 30, 1947, total \$19,841,471.

The following condensed statement of sources and application of funds presents a comparison of the activities budgeted for the fiscal year 1949 with the activities of the current year 1948.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
FUNDS APPLIED		
To acquisition of assets.....	\$946,000	\$896,000
To expenses (excluding depreciation and other charges not requiring funds).....	9,981,000	¹ 10,074,000
To dividend payment to U. S. Treasury.....	1,000,000	1,000,000
To increase in working capital (net).....	123,000	80,000
Total funds applied.....	12,050,000	12,050,000
FUNDS PROVIDED		
By income.....	12,050,000	12,050,000
Total funds provided.....	12,050,000	12,050,000

Includes administrative expenses estimated at \$267,000.

In the foregoing tabulation the item "Acquisition of assets" represents expansion of plant and equipment, and the item "Expenses" covers cost of sales, including manufacturing costs, administrative expenses and vocational expenses. Of the item designated "By income" \$12,000,000 represents estimated income from sales of commodities in 1949, and the balance of \$50,000 is attributable to property donated to the corporation. Net earnings for the fiscal year 1949 are estimated at \$1,670,000, after deducting cost of sales and other expenses.

Administrative expenses of the corporation in 1948 were limited to \$225,000. Although the limitation on administrative expenses in 1948 covered cost of rent in the District of Columbia and cost of the audit by the Comptroller General under authority of the Government Corporation Control Act, the budget for 1948 presumed that rent and audit costs would be considered as operating expenses. A supplemental estimate relating to 1948, and requesting an increase in the limitation on administrative expenses from \$225,000 to \$260,000 has been submitted. Such increase is recommended by the committee, and provision therefor is made in the accompanying bill. Also, the committee recommends that the administrative expenses in the fiscal year 1949 be approved in amount of \$267,000 as requested in the budget.

The committee was informed by officials of the corporation that it is attempting to expand its production of mail bags used by the Post Office Department. The postal service is in urgent need of such bags and fasteners. The committee recommends that postal authorities cooperate fully with the Prison Industries, Inc., and utilize its facilities as fully as possible.

INLAND WATERWAYS CORPORATION

Chartering of the Inland Waterways Corporation in 1924 was an outgrowth of the need for inland water transportation during the First World War. In accordance with authority granted in 1918 the Director General of Railroads commandeered substantially all privately owned vessels on the inland waterways and initiated a program for the construction of new floating equipment. Functions of the Director General of Railroads were subsequently transferred to the Secretary of War, who conducted the operations. The Inland Waterways Corporation was created by act of Congress, June 3, 1924. The Corporation was operated under the direction and supervision of the Secretary of War until its transfer to the Department of Commerce in 1939.

The chief purpose and objective of the Inland Waterways Corporation is to demonstrate the feasibility of water transportation on the inland rivers and to extend the benefits of this service to the people of the United States. The Corporation operates the most complete common-carrier service by barge offered on the Mississippi, Illinois, Missouri, and Warrior Rivers. All types of freight, except livestock and perishables, are handled on 3,300 miles of inland rivers with 22 boats and 273 barges. Operations are conducted through numerous private terminals, as well as through 21 general-merchandise facilities.

The Corporation is to carry out the policy of Congress of providing transportation services on the Mississippi, Illinois, Warrior, and Missouri Rivers until (a) there shall have been completed navigable channels as authorized by Congress; (b) terminal facilities shall have been provided on such rivers reasonably adequate for joint rail and water service; (c) there shall have been published and filed under the provisions of the Interstate Commerce Act, as amended, such joint tariffs with rail carriers as shall make generally available the privileges of joint rail and water transportation upon terms reasonably fair to both rail and water carriers; and (d) private persons, companies, or corporations engaged in, or are ready to engage in, common-carrier service on such rivers. The Corporation has no specified term of existence. Enabling legislation provides, however, that as soon as the foregoing conditions shall have been met the facilities of the Corporation may be sold or leased to private enterprise when such transfer can be made to the best advantage of the Government.

During the past year disposition of the facilities of the Corporation has been the subject of much discussion, and several bills affecting its future are pending in the Congress. The Select Committee on Small Business of the House of Representatives conducted a series of public hearings throughout the Mississippi Valley to inquire as to the best time and method of disposal of these facilities. Their recommendations are set forth in a report to the Subcommittee on Government Corporations of the Appropriations Committee (H. Rept. No. 1102, 80th Cong., 1st sess.).

The Corporation's originally authorized capital stock of \$5,000,000 was increased in 1928 to \$15,000,000. Of this amount, \$12,000,000 has actually been appropriated through the Secretary of the Treasury and made available to the Corporation. The Corporation has also paid-in surplus of approximately \$8,000,000, consisting of the 1924 appraised value of the equipment and facilities turned over to the

Corporation by the War Department at the time of its creation, adjusted as of June 30, 1947. The propriety of the original appraisal has been questioned often. This adjustment represents the effect of a reappraisal of that portion of the original equipment still in service. Since a reappraisal of the equipment which has since been retired would affect only the "paid-in surplus" and not the depreciated book value, or current commercial value, of the fleet, such an adjustment has not been made. The Corporation has no authority to issue bonds or other long-term debt obligations.

Included in the Corporation's assets is the Warrior River Terminal Company, a wholly owned subsidiary which operates a switching railroad in the area of Birmingham, Ala. To comply with requirements of the Government Corporation Control Act the Warrior River Terminal Company, which is chartered under the laws of Alabama, will be merged with the parent Corporation. Since no legislation is necessary for the merger of the parent and subsidiary corporations, dissolution proceedings have been initiated and all requirements of Alabama law relative to the Company will be satisfied prior to June 30, 1948.

The chartering operations carried on by the Corporation under contract with the Reconstruction Finance Corporation since 1942 will be completed during the fiscal year 1948. No funds are requested for this activity for the fiscal year 1949.

The budget program of the Corporation is summarized in the following tabulation:

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
Funds applied:		
To acquisition of assets.....	\$2, 871, 000	\$4, 860, 000
To operating costs (excluding depreciation and other charges not requiring funds).....	9, 039, 659	¹ 9, 515, 300
Total funds applied.....	11, 910, 659	14, 375, 300
Funds provided:		
By realization of assets.....	2, 374, 209	45, 000
By income.....	9, 118, 059	11, 325, 200
By capital stock subscription: Appropriations to Commerce Department for purchase of capital stock.....		² 3, 000, 000
By decrease in working capital.....	418, 391	5, 100
Total funds provided.....	11, 910, 659	14, 375, 300

¹ Includes administrative expenses estimated at \$498,800.

² Reduced by committee to \$2,000,000.

At the time the budget program of the Corporation was prepared, nearly a year ago, it was estimated that at June 30, 1948, it would have cash on hand in amount of approximately \$1,000,000. An extremely heavy flood in the summer of 1947 restricted operations drastically and in the early months of the calendar year 1948 extreme icing conditions coupled with floods which resulted in the highest water stage in more than 105 years, materially reducing the operating revenues of the Corporation in the current year. Since a large portion of the expenses

of the Corporation are relatively fixed, the result has been to reduce its cash position at the present time to a very low point. Cash on hand at June 30, 1948, will depend on the extent to which operations can be conducted between now and that time, and can hardly be expected to exceed \$450,000, even under favorable operating conditions in the interim.

As previously indicated, the floating equipment of the Corporation is for the most part antiquated and obsolete, which makes profitable operations extremely difficult. The Corporation will shortly place into experimental operation a river boat called an "integrated tow". After a few months of experimental operation with this equipment to ascertain its practicability for river transportation, the management hopes to add additional barge equipment to its facilities and procure additional "integrated tow" boats. If such equipment proves successful, it is possible that the feasibility of providing common-carrier barge service on inland waterways can be demonstrated in such manner that private capital can be attracted to this operation, thus enabling the Government to get out of the barge business. In view of the fact that legislation to authorize the sale of the barge line is pending, the committee is reluctant to recommend appropriation of the entire request in the budget of \$3,000,000. The amount of \$2,000,000 is recommended for 1949. This sum should enable the Corporation to obtain enough new capital equipment to demonstrate efficient operation and to attract private capital to this enterprise, and also to provide working capital adequate under careful management to maintain the Corporation as a going concern.

This appropriation is recommended in the hope that legislation will be enacted to relax the existing conditions relating to the sale of the Federal Barge Lines and to foster the development of common-carrier barge operations on the Missouri River. It is believed that only with improved floating equipment, such as the integrated tow herein mentioned, can such operations be developed to a point that private operators will be encouraged to render this important service.

In the month of November 1946, a work stoppage occurred in the operations of the Inland Waterways Corporation. Subsequent to the work stoppage, 18 employees of the Corporation, who, according to determinations made by the Department of Commerce, had engaged in a strike against the Government, were permitted to return to work for the Corporation and the Government. The Department of Commerce then determined that these employees should be discharged. Under the provisions of the Government Corporations Appropriation Act of 1947, the Comptroller General of the United States determined that these employees who had engaged in a strike against the Government could not be paid out of funds available to the Inland Waterways Corporation. The committee has been importuned to recommend provision for payment of these 18 employees on account of services actually performed both prior and subsequent to the afore-mentioned strike. The committee requested the views and comments of the Department of Commerce as to the legal as well as the equitable rights of these claimants. A letter dated April 23,

1948, from the Acting Secretary of Commerce which is reproduced in the hearings of the committee, contains the following recommendations:

As this was the first case involving a strike by Government employees under section 305 of the Government Corporations Appropriation Act, 1947, and the full ramifications of the law had not been passed on by the Comptroller General at the time of the strike, and the further fact that the chief purpose of this prohibition has been accomplished by the discharge of the striking employees, this Department recommends congressional authorization permitting payment to these men for the amount due them for work performed and leave accrued.

The committee is completely unable to understand why the Department of Commerce permitted the employees who engaged in a strike against the Government to perform work for a Government agency subsequent to such strike. The employment of these persons, determined to have engaged in a strike against the Government, was not authorized by law and was, to say the least, an improper exercise of judgment by the then Secretary of Commerce. Notwithstanding the technicalities of law and the erroneous decision made at the time by the Department of Commerce, it is clear that the Government has been unjustly enriched by accepting the services of these individuals unless proper compensation is paid to them. Therefore, the committee has provided authority in the accompanying bill, which will permit the Corporation to pay the afore-mentioned persons. This action should in no wise be construed as affecting the status of such employees with respect to future employment by the Government nor as constituting a precedent in the future as an exception to the general provisions incorporated in all appropriation acts prohibiting the employment of persons who strike against the Government or advocate the right to strike against the Government, etc.

TENNESSEE VALLEY ASSOCIATED COOPERATIVES, INC.

This Corporation was incorporated January 25, 1934, under the laws of the State of Tennessee for the purpose of receiving and administering a grant of funds made by the Federal Emergency Relief Administration to the State of Tennessee. The funds were made available to assist in organizing, fostering, and financing a chain of self-help cooperative enterprises in the Tennessee Valley area. Under the terms of the Government Corporation Control Act of 1945, this Corporation ceases to be an instrumentality of the United States on June 30, 1948. Since no sound reason existed for the continuation of this corporate entity, its liquidation was commenced pursuant to Public Law 268, Eightieth Congress, under the supervision of the Secretary of the Treasury.

As of the present date, \$50,000 of the funds of the Corporation has been deposited in the Treasury as miscellaneous receipts, and there is a cash balance on hand of \$4,389. Except for noncumulative preferred stock of two local cooperatives, other assets of the Corporation should be fully liquidated in the near future. In order that the corporate entity may be placed promptly in dissolution, provision has been made in the accompanying bill authorizing the directors of the Corporation to transfer assets, other than real property, to the Secretary of the Treasury to be disposed of at such time and in such

manner as he may determine. The Treasury Department has made commendable progress in liquidating the affairs of this Corporation with Treasury personnel, who have received no additional compensation for work incident thereto. Provision has been made in the bill for administrative expenses up to \$500 in fiscal year 1949 incident to liquidation and dissolution to provide for payment of necessary fees and other expenses. Provision is also made in the bill for expenses of final audit by the Comptroller General. The Secretary of the Treasury should effectuate final liquidation and dissolution of the corporate entity as soon as possible.

THE INSTITUTE OF INTER-AMERICAN AFFAIRS

The Institute of Inter-American Affairs was reincorporated by Public Law 369, Eightieth Congress, approved August 5, 1947. Under the provisions of that act the Institute shall be a nonprofit Corporation and shall have no capital stock. Under further provisions of that act, the Institute has title to and ownership of all the assets, funds, and property—real, personal, and mixed—and all debts, liabilities, obligations, and duties, and all rights, privileges, and powers subject to the restrictions, disabilities, and duties of The Institute of Inter-American Affairs and the Inter-American Educational Foundation, Inc., two of the Delaware corporations created by the Coordinator of Inter-American Affairs.

The purposes of this Corporation are generally to cooperate with the other American Republics in the fields of public health, sanitation, agriculture, and education.

The budget program of the Corporation during the fiscal year 1949 will be on a somewhat reduced scale from the combined programs of the two former corporations during the fiscal years 1947 and 1948. The operating requirements for the fiscal year 1949 were estimated at \$5,332,634 in the budget, as indicated in the following condensed statement of sources and application of funds.

Condensed statement of sources and application of funds for the fiscal years 1948 and 1949

	Estimate, 1948	Estimate, 1949
FUNDS APPLIED		
To acquisition of assets: Purchase of equipment.....	\$66,250	\$50,300
To operating expenses:		
Cooperative programs and directly related expenses.....	8,690,192	5,332,634
Administrative expenses.....	953,500	980,000
To retirement of capital.....	37,770	-----
To increase in working capital.....	2,409,718	-----
Total funds applied.....	12,157,430	6,362,934
FUNDS PROVIDED		
By capital contributions and appropriations:		
Contributions by other American Republics ¹	240,430	560,000
Appropriations.....	11,917,000	-----
By decrease in working capital.....		5,802,934
Total funds provided.....	12,157,430	6,362,934

¹ Covers only the contributions taken into and disbursed by the Institute of Inter-American Affairs; therefore, does not show entire contribution by the other governments, since such funds are disbursed in most cases directly by the cooperative services.

The budget program for 1949, as indicated in the preceding tabulation, contemplated expenditure of \$6,300,000. Part of these funds were requested in the form of a supplemental estimate in amount of \$3,848,500. The estimate for the fiscal year 1949 consists of a request for authority to enter into contracts up to a limit of \$5,000,000. In reviewing the activities and plans of the Institute, which in substance involve the use of American technicians to train, supervise and coordinate the local activities in the respective Latin American nations, implemented by personnel and funds of such nations, it was noted that for nearly 6 years past, the United States has contributed relatively large sums to these activities. The other countries have now reached the point of contributing larger amounts than heretofore. The committee is of the opinion that the mutual interests of the other American Republics and the United States would be better served by having the other American Republics carry the major part of the financial burden of these activities and having the United States supply only key administrative technical and supervisory services. This will permit American personnel to impart their technical and operating know-how to the programs, while at the same time encourage the other countries to stand on their own feet in these activities. Accordingly, the committee is unable to justify to the House the total amount of appropriations and contract authority requested by the Institute in fiscal years 1948 and 1949. By the time the accompanying bill is enacted, the Institute will have virtually no time left before the end of fiscal year 1948 to utilize the appropriation requested for such year. Also, the committee can see no necessity for granting authority to enter into contracts extending for more than 1 year at a time. Therefore, it recommends that no appropriation be made for the fiscal year 1948 and that no contractual authority be granted.

The Institute will have available as of June 30, 1948 approximately \$3,500,000, against which it has contractual commitments in an approximate amount of \$1,500,000, leaving an unobligated balance of approximately \$2,000,000 to carry over into 1949. The committee recommends the appropriation out of the Treasury of an additional amount of \$2,500,000, making available for 1949 a total of \$4,500,000. Provision has been made in the bill which will prohibit the obligation of funds available to the Institute beyond June 30, 1949, in keeping with the committee's afore-mentioned recommendation that the operations of the Institute should be on a year-to-year basis.

Administrative expenses for the coming year are recommended in amount of \$490,000.

SALARY INCREASES

Provision has been made in the bill for increasing the salaries of the Administrator of the Housing and Home Finance Agency and the Governor of the Farm Credit Administration to \$12,000 per annum. These two positions involve large responsibilities which merit an increase above the general governmental salary ceiling of \$10,000 per year, and the increases are recommended by the committee.

LIMITATIONS AND LEGISLATIVE PROVISIONS

The following limitations and legislative provisions not heretofore carried in the bill are recommended:

On page 4, beginning in line 10, under the Institute of Inter-American Affairs:

Provided, That funds made available to the Corporation by this Act and under prior appropriations and not obligated by the Corporation on or before June 30, 1949, shall not be available for obligation after that date and shall lapse pursuant to section 3690 of the Revised Statutes and the Act of June 20, 1874, as amended (31 U. S. C., 712, 713).

On page 9, beginning in line 9, under the Tennessee Valley Associated Cooperatives, Inc.:

Provided further, That the Board of Directors of the Corporation is authorized to transfer to the Secretary of the Treasury title to assets (other than real property) of the Corporation upon certification of the president of the Corporation that such transfer is to the interest of the Government of the United States and the Secretary of the Treasury is authorized to dispose of such assets at such times and in such manner as he may determine.

COMPLIANCE WITH RULE XIII-CLAUSE 2A

The following is submitted in compliance with clause 2A of rule XIII:

EXISTING LAW

Section 66 of Title VI, Public Law 75, Seventy-third Congress, provides in part as follows:

No officer or employee of the Farm Credit Administration engaged in carrying out the provisions of titles I to VI, inclusive, of this Act shall be paid compensation at a rate in excess of \$10,000 per annum.

Section 5 (a) of Reorganization Plan No. 3 of 1947 is as follows:

SEC. 5. HOUSING AND HOME FINANCE ADMINISTRATOR. (a) The Housing and Home Finance Agency shall be headed by a Housing and Home Finance Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$10,000 per annum.

IN PENDING BILL

On page 28, section 305 of the general provisions:

SEC. 305. After the date of enactment hereof the salaries of the Governor of the Farm Credit Administration and the Housing and Home Finance Administrator shall be at the rate of \$12,000 per annum.

COMPARISON OF APPROPRIATIONS FOR 1948, ESTIMATES FOR 1949, AND AMOUNTS CARRIED IN THE BILL
FOR 1949

Corporation or agency	Appropriations, 1948	Budget estimates, 1949	Recommended in bill, 1949	Increase (+) or decrease (-), bill compared with 1948 appropriations	Increase (+) or decrease (-), bill compared with estimates for 1949
Department of Agriculture: Salaries and expenses, Farm Credit Administration-----	¹ \$561, 000	¹ \$531, 000	¹ \$500, 000	-\$61, 000	-\$31, 000
Department of Commerce: Inland Waterways Cor- poration-----	-----	3, 000, 000	2, 000, 000	+2, 000, 000	-1, 000, 000
The Institute of Inter-American Affairs-----	7, 000, 000	² 3, 848, 500	2, 500, 000	-4, 500, 000	-1, 348, 500
Housing and Home Finance Agency:					
Office of the Administrator-----	³ 865, 000	910, 000	750, 000	-115, 000	-160, 000
Veterans' reuse housing program-----	35, 500, 000	-----	-----	-35, 500, 000	-----
Public Housing Administration (low-rent con- tributions)-----	4, 000, 000	6, 200, 000	4, 840, 000	+840, 000	-1, 360, 000
Tennessee Valley Authority-----	18, 700, 000	35, 154, 600	27, 389, 061	+8, 689, 061	-7, 765, 539
Total, appropriated funds-----	66, 626, 000	49, 644, 100	37, 979, 061	-28, 646, 939	-11, 665, 039
Contract authorization; Institute of Inter-American Affairs-----	-----	5, 000, 000	-----	-----	-5, 000, 000
Total, appropriated funds and contract author- ization-----	66, 626, 000	54, 644, 100	37, 979, 061	-28, 646, 939	-16, 665, 039

¹ In addition, there are available to the Farm Credit Administration amounts assessed member institutions for costs of examination and administrative supervision.

² Represents estimate submitted as a 1948 supplemental (H. Doc. 502) for program authorized by Public Law 369 of Aug. 5, 1947, but since the funds are intended for use principally in 1949 the committee has considered the amount as a 1949 estimate. Note.—Also, see figure below as to estimate of contract authorization.

³ Includes \$765,000 authorized to be transferred from other accounts by the Government Corporations Appropriation Act, 1948.

ADMINISTRATIVE EXPENSES

[Limitations on amounts of corporate funds to be expended]

Corporation or agency	1948 authorizations	Budget estimates, 1949	Recommended in bill, 1949	Bill compared with amounts authorized for 1948	Bill compared with 1949 budget
Export-Import Bank of Washington-----	\$800,000	\$800,000	\$800,000	-----	-----
Panama Railroad Company-----	750,000	⁴ 715,000	715,000	⁴ - \$35,000	-----
Tennessee Valley Associated Cooperatives, Inc.-----	2,500	1,000	500	- 2,000	- \$500
Tennessee Valley Authority-----	⁵ 3,873,000	⁵ 3,966,000	3,677,000	- 196,000	- 289,000
Reconstruction Finance Corporation-----	38,754,700	25,796,000	24,796,000	- 13,958,700	- 1,000,000
Housing and Home Finance Agency:					
Home Loan Bank Board-----	1,400,000	1,882,000	1,800,000	+ 400,000	- 82,000
Federal Savings and Loan Insurance Corporation--	532,000	635,000	600,000	+ 68,000	- 35,000
Home Owners' Loan Corporation-----	3,250,000	2,500,000	2,250,000	- 1,000,000	- 250,000
Federal Housing Administration-----	⁶ 20,200,000	19,000,000	19,000,000	- 1,200,000	-----
Public Housing Administration-----	11,500,000	11,000,000	9,000,000	- 2,500,000	- 2,000,000

⁴ Net reduction below 1948 amount is attributable to reclassification of certain administrative expenses as direct operating expenses and vice versa. On comparable basis with 1948 amount, 1949 estimate would be \$790,000, or an increase of \$40,000 above 1948.

⁵ Estimated by TVA but not proposed in budget for limitation by law.

⁶ Includes \$200,000 authorized by Urgent Deficiency Appropriation Act, 1948.

ADMINISTRATIVE EXPENSES—Continued

[Limitations on amounts of corporate funds to be expended]

Corporation or agency	1948 authorizations	Budget estimates, 1949	Recommended in bill, 1949	Bill compared with amounts authorized for 1948	Bill compared with 1949 budget
Department of Agriculture:					
Federal Farm Mortgage Corporation-----	\$2,750,000	\$2,160,700	\$2,000,000	-\$750,000	-\$160,700
Federal Intermediate Credit Banks-----	1,250,000	⁷ 1,755,300	⁷ 1,607,500	⁷ +357,500	-147,800
Production Credit Corporations-----	1,600,000	1,602,600	1,350,000	-250,000	-252,600
Regional Agricultural Credit Corporation of Washington, D. C.-----	200,000	46,800	46,800	-153,200	-----
Department of Commerce:					
Inland Waterways Corporation-----	418,100	⁸ 498,800	⁸ 498,800	+80,700	-----
Warrior River Terminal Company-----	20,100	-----	-----	-20,100	-----
Department of Justice: Federal Prison Industries, Inc.-	225,000	⁹ 302,000	⁹ 302,000	⁹ +77,000	-----
Department of State: Institute of Inter-American Affairs-----	¹⁰ 932,000	980,000	490,000	-442,000	-490,000
Total-----	88,457,400	73,641,200	68,933,600	-19,523,800	-4,707,600

⁷ Includes \$107,500 for fiscal 1948.⁸ Estimate includes activities previously carried under "Administrative expenses, Warrior River Terminal Company."⁹ Includes \$35,000 for fiscal 1948.¹⁰ Administrative expense funds of Institute of Inter-American Affairs, Inc., and Inter-American Educational Foundation, Inc., were merged by Public Law 369 of Aug. 5, 1947. Amount of \$932,000 includes \$800,000 authorized by Government Corporations Appropriation Act, 1948 and \$132,000 authorized by the Supplemental Appropriation Act, 1948.

RESCISSIONS, DIVIDENDS, AND REDUCTIONS IN CORPORATE CAPITAL

Agency and item	Budget estimates, 1949	Recommended in bill, 1949	Bill compared with budget estimates
Housing and Home Finance Agency, veterans' reuse housing program (rescission)-----	-----	\$7, 650, 000	+ \$7, 650, 000
Panama Railroad Company (dividend to U. S. Treasury)-----	-----	10, 000, 000	+ 10, 000, 000
Federal Farm Mortgage Corporation (dividend to U. S. Treasury)-----	¹ \$68, 000, 000	¹ 68, 000, 000	-----
Production Credit Corporations (reduction of corporate capital and return thereof to surplus fund of the Treasury)-----	¹ 6, 275, 000	¹ 60, 000, 000	+ 53, 725, 000
Regional Agricultural Credit Corporation (restriction on amount available in 1949 from revolving fund)-----	-----	19, 400, 000	+ 19, 400, 000
Total funds returned to the treasury-----	74, 275, 000	165, 050, 000	+ 90, 775, 000

¹ Amounts in Budget were tentative, but amounts recommended in bill are specifically required to be paid.

MINORITY VIEWS

We do not find ourselves in full accord with several actions of the majority, but in most instances we have acquiesced to the decision of the majority, even though with reluctance. One decision, however, we cannot accept. That is the complete elimination of the steam generating plant proposed to be constructed by the TVA at New Johnsonville, Tenn. We hold this unfortunate decision by the majority as so clearly contrary to the public interest that we respectfully submit this statement of dissent and request a decision by the entire Congress on this important question.

Whether or not individual Members of Congress believe in the TVA, in consideration of this bill all should keep in mind several facts.

(1) The TVA is an established fact. The Federal Government has invested in the TVA power system approximately \$440,000,000. The TVA real property, its generating system, its distribution system, and its earning capacity, are all owned by the United States. While last year it was provided by this committee that the amount invested in the power system of the TVA should be "repaid" to the Federal Government actually it amounts to a withdrawal of earnings from the TVA because the TVA system in its entirety will still be owned by the Federal Government after the original amount of the investment is returned through the plan set up last year.

(2) The TVA is the sole supplier of power in an area comprising 80,000 square miles, a portion of 7 States and 5,000,000 of our fellow citizens. The growing demands of this area will either be met by this publicly owned utility or for all practical purposes they will not be met. The total load of the consumers served by the 140 municipal and co-operative distributors which purchased power from the TVA has grown by 60 percent since the war and by 1952 it is expected to climb to a level 65 percent above the present level, that is, provided the power is available.

(3) The steam plant, the initial appropriation for which the majority on the committee have denied, is nothing new in the operation of a hydroelectric system or a system which generates most of its electricity by water power and it is not even new for TVA operations. Steam power was used by the private companies and, from the beginning of TVA, steam power has been a vital part of the TVA system. Steam facilities were built at Muscle Shoals in 1918 and together with Wilson Dam were turned over to the TVA by the War Department in 1933. Section 15 of the Tennessee Valley Authority Act clearly contemplates construction of steam plants in the future. In 1939 Congress authorized TVA to purchase the steam as well as the hydro facilities then owned by the private companies then serving the area. In 1940 the hydroelectric capacity of the TVA had increased to the point that Congress authorized TVA to build a steam plant near Watts Bar Dam in Tennessee. It has always been recognized that where hydro power is available for a large part of the year that it is much better business to have a steam plant to operate during the dry months to make the

power firm or dependable on a year-round basis. This gives a much better market and the power will demand a much better price. It was on this basis that the private companies formerly operating in the Tennessee Valley area had steam plants in connection with their hydro facilities. It was in recognition of this principle that the War Department had steam plants in connection with the Wilson Dam. It was on this basis that the Congress of the United States in 1940 provided for the construction of the Watts Bar steam plant by the TVA. Furthermore, because of this undisputed fact, private utility concerns throughout the United States combine steam generating facilities with hydro plants.

While the most desirable ratio between hydro and steam is approximately 75 to 25, the ratio in the Tennessee Valley now, due to increased hydro capacity, has fallen to 84 to 16. In addition to that, the committee in this bill provides for additional hydro capacity of 250,000 kilowatts which will bring about an even more disproportionate and uneconomic ratio between steam and hydro generating facilities.

(4) This additional hydro power can be sold whether it is firmed up or not, but at much less return to the Government if not firmed up. Witnesses for the power companies testified before the committee that they would be glad to get it. Certainly they would because if it is not firmed up by TVA, it will have to be sold at dump rates. As we have stated heretofore, since the TVA belongs to the Government of the United States, it will mean loss to the Government. If the Congress authorizes this steam plant, it will be used to firm up this additional hydro power and will result in an estimated \$2,000,000 per year of additional revenue to the Federal Government. On the other hand, if the Congress does not authorize this steam plant the power companies will buy this power at dump rates, and if they can get the steam capacity, they will firm it up and the \$2,000,000 that should have been received by the Federal Government from the operation of its own agency, the TVA, will be received by the private power companies. You can't blame the power companies for preferring to obtain this hydro power at dump rates, though it is hard to conceive of the Congress showing such poor business judgment as to permit it. The private power industry no longer has any investment in the Tennessee Valley.

Their chief objection to the steam plant must be that they would like to buy this power and firm it up. This they would do if the power companies can provide sufficient steam during the dry months above their normal load to firm up the added hydro power. It is very doubtful that they can have such steam capacity available and, if they cannot, it means less power to a nation with no real present reserve and further the stoppage of further development in the TVA area.

There has been rapid economic development of the Tennessee Valley, but, instead of deploring such development, we hold it an asset to the entire Nation. Indeed, this was one of the fundamental purposes for which Congress created the TVA. It is passing strange that the great success of the TVA in this respect should now be cited as a reason why further development should be denied.

All over this country power demand is reaching up to touch the limits of power supply. Today over the entire Nation there is less than 0.2 of 1 percent of power available above that used. Conserva-

tion measures are being imposed. Industrial developments are discouraged. Production is slowed down. For most areas the power companies are making plans to increase their generating capacity to meet increased needs. In the Tennessee Valley area the Government alone can decide what are to be the limits on available power. The people have no other source of power supply and their welfare rests on the decision of this Congress. While the private power companies themselves are racing to add new facilities in other sections, would they urge the Congress to say that here in the Tennessee Valley alone the ceiling of development has been reached? Just as this area is beginning to catch up with the rest of the country, is the Congress to say to this one region, "This far and no farther can you go."

We urge the Congress to reconsider the backward step recommended by the majority. We find it particularly disturbing at this time in the world's history. For while TVA witnesses appearing before the committee made it clear that the steam plant was proposed to meet strictly normal load growth and was not an estimate of additions which might be required if the security of the Nation were at stake, or if this region is called on to supply power for industries providing materials for our enlarged preparedness programs, we cannot conclude our observations without the comment that a reduction in power capacity below the demands of normal load growth at this time might prove to be calamitous, and compound the problem this country will have to face if it is later discovered that vastly increased amounts of power are urgently required for our national defense.

The Federal Power Commission today says that the entire Nation is short of power; that we have a reserve of less than 0.2 of 1 percent above that used today. What will happen if war should come? We know that increased preparedness has become necessary. We hope it will end there and that war can be avoided. To fail to provide electricity to the utmost is short-sighted, to say the least, and could seriously impair the very safety of our Nation, to say the most. We urge the Congress to review the history respecting TVA and to study the benefits which have accrued to the region from the program of which this power system is a vital part.

We plead with all the earnestness the cause deserves that this Congress shall not set an example which will be taken to mean that this Government is willing to fix a ceiling on the progress of the people anywhere, and in effect require usable, salable power to be sold at reduced rates, adding to the profits of the power companies, perhaps, but at the expense of further development and improvement of the Tennessee Valley and its people, and with the probable result that the Nation as a whole will have less dependable electricity available, needed in peace—necessary in war or in preparedness to prevent war.

GEORGE H. MAHON.

JAMIE L. WHITTEN.

ALBERT GORE.



Union Calendar No. 908

80TH CONGRESS
2D SESSION

H. R. 6481

[Report No. 1880]

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 1948

Mr. PLOESER, from the Committee on Appropriations, reported the following bill; which was committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I

4 That the following sums are appropriated, out of any
5 money in the Treasury not otherwise appropriated, for the
6 fiscal year ending June 30, 1949, namely:

TENNESSEE VALLEY AUTHORITY

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U. S. C., ch. 12A), including purchase (not to exceed one, for replacement only) and hire, maintenance, repair, and operation of aircraft; the purchase (not to exceed two hundred and seventy, of which two hundred and twenty shall be for replacement only) and hire of passenger motor vehicles, \$27,389,061, to remain available until expended, and to be available for the payment of obligations chargeable against prior appropriations, together with the unobligated balance of funds heretofore appropriated, of which not to exceed \$21,689,000 shall be available for capital expenditures, including construction of dams, additions and betterments to completed multiple-use facilities, investigations for future projects, chemical facilities, and facilities and equipment for general use.

HOUSING AND HOME FINANCE AGENCY

OFFICE OF THE ADMINISTRATOR

Salaries and expenses, Office of the Administrator, \$750,000, to be available for necessary expenses of the Office of the Administrator, including the preparation, mounting, shipping, and installation of exhibits; expenses of attendance at meetings of organizations concerned with the work of the Agency when specifically authorized by the Administra-

1 tor; and health service program as authorized by law
2 (5 U. S. C. 150).

3 PUBLIC HOUSING ADMINISTRATION

4 Annual contributions: For the payment of annual contri-
5 butions to public housing agencies in accordance with section
6 10 of the United States Housing Act of 1937, as amended
7 (42 U. S. C. 1410), \$4,840,000: *Provided*, That except
8 for payments required on contracts entered into prior to
9 April 18, 1940, no part of this appropriation shall be avail-
10 able for payment to any public housing agency for expendi-
11 ture in connection with any low-rent housing project, unless
12 the public housing agency shall have adopted regulations
13 prohibiting as a tenant of any such project by rental or occu-
14 pancy any person other than a citizen of the United States,
15 but such prohibition shall not be applicable in the case of
16 a family of any serviceman or the family of any veteran who
17 has been discharged (other than dishonorably) from, or the
18 family of any serviceman who died in, the armed forces of
19 the United States within four years prior to the date of
20 application for admission to such housing: *Provided further*,
21 That no part of this appropriation shall be used to pay any
22 public housing agency any contribution occasioned by pay-
23 ments in lieu of taxes in excess of the amount specified in
24 the original contract between such agency and the Public
25 Housing Administration or its predecessor agencies: *Provided*

1 *further*, That all expenditures of this appropriation shall be
2 subject to audit and final settlement by the Comptroller
3 General of the United States under the provisions of the
4 Budget and Accounting Act of 1921, as amended.

5 DEPARTMENT OF STATE

6 THE INSTITUTE OF INTER-AMERICAN AFFAIRS

7 For necessary expenses of the Institute of Inter-
8 American Affairs in carrying out the provisions of Public
9 Law 369, approved August 5, 1947, during the fiscal year
10 1949, \$2,500,000: *Provided*, That funds made available
11 to the Corporation by this Act and under prior appropria-
12 tions and not obligated by the Corporation on or before
13 June 30, 1949, shall not be available for obligation after
14 that date and shall lapse pursuant to section 3690 of the
15 Revised Statutes and the Act of June 20, 1874, as amended
16 (31 U. S. C., 712, 713).

17 DEPARTMENT OF AGRICULTURE

18 FARM CREDIT ADMINISTRATION

19 For necessary expenses, including personal services in
20 the District of Columbia; printing and binding; not to ex-
21 ceed \$5,000 for attendance at meetings or conventions of
22 members of organizations at which matters of importance
23 to the work of the Farm Credit Administration are to be
24 discussed or transacted; not to exceed \$750 for periodicals
25 and newspapers; library membership fees or dues in organi-

1 zations which issue publications to members only or to mem-
2 bers at a lower price than to others, payment for which may
3 be made in advance; not to exceed \$20,000 for expenditures
4 authorized by section 602 of the Organic Act of 1944 (12
5 U. S. C. 833) ; purchase of one passenger motor vehicle
6 (for replacement only) for use in the District of Columbia
7 and elsewhere; garage rental in the District of Columbia;
8 payment of actual transportation and other necessary ex-
9 penses and not to exceed \$10 per diem in lieu of subsistence
10 of persons serving, while away from their homes, without
11 other compensation from the United States, in an advisory
12 capacity to the Farm Credit Administration, except that such
13 expenditures shall not exceed \$10,000; examination of cor-
14 porations, banks, associations, and institutions operated,
15 supervised, or regulated by the Farm Credit Administration;
16 in all, \$500,000. Collections made pursuant to section 601
17 of the Organic Act of 1944 (12 U. S. C. 832) are hereby
18 made available to reimburse this appropriation for the cost
19 of examining and supervising the corporations, banks, asso-
20 ciations, and other organizations as provided in said section.

21 DEPARTMENT OF COMMERCE

22 Inland Waterways Corporation: For the purchase of
23 capital stock of the Inland Waterways Corporation author-

1 ized by section 2 of the Act of June 3, 1924, as amended
2 (49 U. S. C. 152), \$2,000,000, to remain available until
3 expended.

4 REDUCTION IN APPROPRIATIONS

5 Amounts available from appropriations and other funds
6 are hereby reduced in the sums hereinafter set forth, such
7 sums to be carried to the surplus fund and covered into the
8 Treasury upon the approval of this Act:

9 HOUSING AND HOME FINANCE AGENCY

10 Office of the Administrator: Veterans' housing: \$7,-
11 650,000 of the unobligated balances of the funds appro-
12 priated or made available for carrying out the veterans'
13 reuse housing program under title V of the Lanham Act
14 (Act of October 14, 1940, as amended, 42 U. S. C. 1521,
15 1571), of which \$4,650,000 shall be from the unobligated
16 balances of the funds appropriated by Public Law 256,
17 Eightieth Congress.

18 TITLE II

19 The following corporations and agencies, respectively,
20 are hereby authorized to make such expenditures, within the
21 limits of funds and borrowing authority available to each
22 such corporation or agency and in accord with law, and to
23 make such contracts and commitments without regard to
24 fiscal year limitations as provided by section 104 of the
25 Government Corporation Control Act, as amended, as may

1 be necessary in carrying out the programs set forth in the
2 Budget for the fiscal year 1949 for each such corporation or
3 agency, except as hereinafter provided:

4 INDEPENDENT AGENCIES AND CORPORATIONS

5 Export-Import Bank of Washington: Not to exceed
6 \$800,000 (to be on an accrual basis) of the funds of the
7 Export-Import Bank of Washington shall be available dur-
8 ing the fiscal year 1949 for all administrative expenses of
9 the bank, including not to exceed \$300 for periodicals, \$300
10 for newspapers, and \$500 for maps; health-service pro-
11 gram as authorized by law (5 U. S. C. 150), and not
12 to exceed \$2,000 for temporary services, as authorized by
13 section 15 of the Act of August 2, 1946 (5 U. S. C. 55a):
14 *Provided*, That necessary expenses (including special serv-
15 ices performed on a contract or fee basis, but not including
16 other personal services) in connection with the acquisition,
17 operation, maintenance, improvement, or disposition of any
18 real or personal property belonging to the bank or in which
19 it has an interest, including expenses of collections of pledged
20 collateral, or the investigation or appraisal of any property
21 in respect to which an application for a loan has been made,
22 shall be considered as nonadministrative expenses for the
23 purposes hereof.

24 Panama Railroad Company: Not to exceed \$715,000
25 (to be computed on an accrual basis) of the funds of the

1 company shall be available during the fiscal year 1949 for its
2 administrative expenses, including administrative services
3 performed for the company by other Government agencies,
4 which shall be determined in accordance with the company's
5 prescribed accounting system in effect on July 1, 1946, and
6 shall be exclusive of depreciation, payment of claims,
7 expenses of the commissary coupon audit, commissary contra-
8 band inspection, expenditures which the company's pre-
9 scribed accounting system requires to be capitalized or
10 charged to cost of commodities acquired, and expenses in
11 connection with acquisition, construction, operation, mainte-
12 nance, improvement, protection, and disposition of facilities
13 and other property belonging to the company or in which
14 it has an interest: *Provided*, That immediately upon the en-
15 actment of this Act the Board of Directors shall declare and
16 pay into the Treasury of the United States as miscellaneous
17 receipts a dividend of \$10,000,000.

18 Tennessee Valley Associated Cooperatives, Incorpo-
19 rated: Of the funds available to the Corporation, not to
20 exceed \$500 shall be available for administrative expenses
21 related to liquidation and dissolution, and not to exceed \$500
22 for the cost of audit, as required by the Government Corpo-
23 ration Control Act of December 6, 1945 (Public Law 248) :
24 *Provided*, That all administrative duties and responsibilities
25 shall be assumed by such officers and employees of the Treas-

1 ury Department as the Secretary of the Treasury may desig-
2 nate, and who shall receive no additional compensation for
3 such duties: *Provided further*, That the Secretary of the
4 Treasury shall take appropriate steps to secure the final
5 dissolution and liquidation of said Corporation at the earliest
6 practicable date: *Provided further*, That the total cost of
7 liquidation and dissolution shall be paid out of funds avail-
8 able to the Corporation without additional appropriations
9 therefor: *Provided further*, That the Board of Directors of
10 the Corporation is authorized to transfer to the Secretary of
11 the Treasury title to assets (other than real property) of the
12 Corporation upon certification of the president of the Corpo-
13 ration that such transfer is to the interest of the Govern-
14 ment of the United States and the Secretary of the Treasury
15 is authorized to dispose of such assets at such times and in
16 such manner as he may determine.

17 Tennessee Valley Authority: Pursuant to the require-
18 ments applicable to the Tennessee Valley Authority of title
19 II, Public Law 268, approved July 30, 1947, total payments
20 of not less than \$5,500,000 shall be made in the fiscal year
21 1949 from net income derived from power operations.

22 Not to exceed \$3,677,000, of which not to exceed
23 \$992,061 shall be derived from funds appropriated by title
24 I hereof (to be computed on an accrual basis), of the funds

1 available to the Tennessee Valley Authority, shall be
2 available during the fiscal year 1949 for all administrative
3 and general expenses of the Corporation, which expenses
4 shall be inclusive of costs of all administrative offices and
5 other activities representing management and other functions
6 serving the programs and projects of the Corporation in
7 general.

8 Reconstruction Finance Corporation: Not to exceed
9 \$24,796,000 (to be computed on an accrual basis) of the
10 funds of the Reconstruction Finance Corporation shall be
11 available during the fiscal year 1949 for its administrative
12 expenses and the administrative expenses of the Federal
13 National Mortgage Association; not to exceed \$1,500 for
14 periodicals and newspapers; health service program as
15 authorized by law (5 U. S. C. 150); use of the
16 services and facilities of the Federal Reserve banks:
17 *Provided*, That as used herein the term "admin-
18 istrative expenses" shall be construed to include all salaries
19 and wages, services performed on a contract or fee basis,
20 and travel and other expenses, including the purchases of
21 equipment and supplies, of administrative offices: *Provided*
22 *further*, That the limiting amount heretofore stated for
23 administrative expenses shall be increased by an amount
24 which does not exceed the aggregate cost of salaries, wages,
25 travel, and other expenses of persons employed outside the

1 continental United States; wages, fees, and other expenses,
2 including cost of contract services, of persons who are
3 exclusively engaged in construction, operation, clearance,
4 maintenance and protection of plants, operating facilities,
5 acquired collateral, and other property in which the Cor-
6 poration has an interest; the expenses of services performed
7 on a contract or fee basis in connection with termination
8 of contracts or in the performance of legal services; and
9 all expenses reimbursable from other Government agencies:
10 *Provided further*, That the distribution of administrative
11 expenses to the accounts of the Corporation shall be made
12 in accordance with its accounting principles and practices:
13 *Provided further*, That, except as otherwise provided herein-
14 after, none of the funds of the Reconstruction Finance Cor-
15 poration and its subsidiary shall be used for the custody,
16 maintenance, or disposal of any surplus property within the
17 continental limits of the United States, its Territories or
18 possessions, except such property as may be owned by and
19 held for disposal by the Reconstruction Finance Corporation
20 or its subsidiary; but, notwithstanding any other provision
21 of law, the Reconstruction Finance Corporation may waive
22 reimbursement from War Assets Administration for the
23 administrative property transferred prior to July 1, 1946,
24 and for expenses incurred prior thereto in the custody, main-
25 tenance, or disposal of any surplus property: *Provided fur-*

1 *ther*, That no part of the funds of the Reconstruction Finance
2 Corporation or of its subsidiary shall be used to make any
3 purchase or for personal services or to enter into any contract
4 for the use or benefit of any other agency of the Government
5 unless such agency shall have authority in law and appropria-
6 tions available to make reimbursement for such purchase, per-
7 sonal services, or contract, except that this provision shall not
8 apply to expenditures in connection with materials, surplus
9 to the needs of the Corporation, which have been or hereafter
10 shall be transferred to stock piles established pursuant to the
11 Strategic and Critical Materials Stock Piling Act (60 Stat.
12 599) : *Provided further*, That the Secretary of the Treasury
13 is hereby authorized and directed to cancel notes of the Re-
14 construction Finance Corporation in the amount of \$9,313,-
15 736,531, plus the interest accrued thereon subsequent to
16 June 30, 1947, the foregoing stated amount representing un-
17 recovered costs to the Corporation as of June 30, 1947, in
18 its national defense, war, and reconversion activities, and any
19 amounts recovered by the Corporation with respect to these
20 activities subsequent to June 30, 1947, shall, after deduction
21 of related expenses, be deposited in the Treasury as mis-
22 cellaneous receipts: *Provided further*, That, notwithstand-
23 ing the provisions of section 6 (b) of the Strategic and Criti-
24 cal Materials Stock Piling Act (60 Stat. 599), the Secre-
25 tary of the Treasury shall cancel notes of the Reconstruc-

1 tion Finance Corporation on account of the transfer of
2 materials to stock piles in an amount equivalent only to the
3 costs incurred by the Corporation subsequent to June 30,
4 1947, for handling, storing, processing, and transporting
5 such materials, as determined and certified by the Corpora-
6 tion from its accounting records.

7 HOUSING AND HOME FINANCE AGENCY

8 Home Loan Bank Board: Not to exceed a total of
9 \$1,800,000, of which \$1,340,000 shall be available exclu-
10 sively for necessary expenses in connection with the making
11 of supervisory or other examinations (except examinations
12 of Federal home loan banks) including the provision of
13 services and facilities therefor, to be derived from the special
14 deposit account established under the provisions under the
15 head "Federal Home Loan Bank Administration" in the
16 Independent Offices Appropriation Act, 1944, and from
17 receipts of the Federal Home Loan Bank Administration,
18 the Federal Home Loan Bank Board, or the Home Loan
19 Bank Board for the fiscal year 1949 and prior fiscal years,
20 shall be available during the fiscal year 1949 for adminis-
21 trative expenses of the Home Loan Bank Board, including
22 health-service program as authorized by law (5 U. S. C.
23 150), and the Board may utilize and may make payment
24 for services and facilities of the Federal home-loan banks,
25 the Federal Reserve banks, the Federal Savings and Loan

1 Insurance Corporation, the Home Owners' Loan Corpora-
2 tion, and other agencies of the Government: *Provided*, That
3 all necessary expenses in connection with the conservator-
4 ship of institutions insured by the Federal Savings and Loan
5 Insurance Corporation and all necessary expenses (including
6 services performed on a contract or fee basis, but not in-
7 cluding other personal services) in connection with the
8 handling, including the purchase, sale, and exchange, of
9 securities on behalf of Federal home-loan banks, and the
10 sale, issuance, and retirement of, or payment of interest on,
11 debentures or bonds, under the Federal Home Loan Bank
12 Act, as amended, shall be considered as nonadministrative
13 expenses for the purposes hereof: *Provided further*, That
14 notwithstanding any other provisions of this Act, except for
15 the limitation in amount hereinbefore specified, the admin-
16 istrative expenses and other obligations of the Board shall
17 be incurred, allowed, and paid in accordance with the pro-
18 visions of the Federal Home Loan Bank Act of July 22,
19 1932, as amended (12 U. S. C. 1421-1449).

20 Federal Savings and Loan Insurance Corporation: Not
21 to exceed \$600,000 shall be available for administrative
22 expenses, including health-service program as authorized by
23 law (5 U. S. C. 150), which shall be on an accrual basis
24 and shall be exclusive of interest paid, depreciation, prop-
25 erty capitalized expenditures, expenses in connection with

1 liquidation of insured institutions, liquidation or handling of
2 assets of or derived from insured institutions, payment of
3 insurance, and action for or toward the avoidance, termina-
4 tion, or minimizing of losses in the case of specific insured
5 institutions, and legal fees and expenses, and said Corpora-
6 tion may utilize and may make payment for services and
7 facilities of the Federal home-loan banks, the Federal Reserve
8 banks, the Home Loan Bank Board, the Home Owners'
9 Loan Corporation, and other agencies of the Government:
10 *Provided*, That notwithstanding any other provisions of this
11 Act, except for the limitation in amount hereinbefore
12 specified, the administrative expenses and other obligations
13 of said Corporation shall be incurred, allowed, and paid in
14 accordance with title IV of the Act of June 27, 1934, as
15 amended (12 U. S. C. 1724-1730).

16 Home Owners' Loan Corporation: Not to exceed
17 \$2,250,000 shall be available for administrative expenses,
18 including health-service program as authorized by law (5
19 U. S. C. 150), which shall be on an accrual basis and shall
20 be exclusive of interest paid, depreciation, properly capital-
21 ized expenditures, expenses (including services performed
22 on a force account, contract, or fee basis, but not including
23 other personal services) in connection with the acquisition,
24 protection, operation, maintenance, improvement, or disposi-
25 tion of real or personal property belonging to said Corpora-

1 tion or in which it has an interest, and legal fees and ex-
2 penses, and said Corporation may utilize and may make
3 payment for services and facilities of the Federal home-loan
4 banks, the Federal Reserve banks, the Home Loan Bank
5 Board, the Federal Savings and Loan Insurance Corpora-
6 tion, and other agencies of the Government: *Provided*,
7 That, notwithstanding any other provisions of this Act,
8 except for the limitation in amount hereinbefore specified,
9 the administrative expenses and other obligations of said Cor-
10 poration shall be incurred, allowed, and paid in accordance
11 with the Home Owners' Loan Act of 1933, as amended
12 (12 U. S. C. 1461-1468) : *Provided*, That all right, title,
13 and interest of the Home Owners' Loan Corporation in the
14 capital stock of the Federal Savings and Loan Insurance
15 Corporation is hereby transferred to the Secretary of the
16 Treasury and the Secretary of the Treasury is authorized
17 and directed to cancel the capital stock of the Home
18 Owners' Loan Corporation in par value amount equal to
19 the par value of the stock of the Federal Savings and Loan
20 Insurance Corporation so transferred.

21 Federal Housing Administration: In addition to the
22 amounts available by or pursuant to law (which shall be
23 transferred to this authorization) for the administrative ex-
24 penses of the Federal Housing Administration in carrying
25 out duties imposed by or pursuant to law, not to exceed

1 \$19,000,000 of the various funds of the Federal Housing
2 Administration as follows: (1) The mutual mortgage
3 insurance fund; (2) the housing insurance fund; (3) the
4 account in the Treasury comprised of funds derived from
5 premiums collected under authority of section 2 (f), title I
6 of the National Housing Act, as amended (12 U. S. C.
7 1701); and (4) the war housing insurance fund shall be
8 available for expenditure, in accordance with the provisions
9 of said Act for the administrative expenses of the Federal
10 Housing Administration, including not to exceed \$1,500 for
11 periodicals and newspapers; not to exceed \$1,500 for con-
12 tract actuarial services; and health-service program as author-
13 ized by law (5 U. S. C. 150) : *Provided*, That necessary
14 expenses of the Administration (including services performed
15 on a contract or fee basis, but not including other personal
16 services) in connection with the acquisition, protection, com-
17 pletion, operation, maintenance, improvement, or disposition
18 of real or personal property of the Administration acquired
19 under authority of titles I, II, and VI of said National Hous-
20 ing Act, shall be considered as nonadministrative for the
21 purposes hereof: *Provided further*, That, except as herein
22 otherwise provided, the administrative expenses and other
23 obligations, including nonadministrative expenses, of the
24 Administration shall be incurred, allowed, and paid in

1 accordance with the provisions of said Act of June 27,
2 1934, as amended (12 U. S. C. 1701).

3 Public Housing Administration: Of the amounts avail-
4 able by or pursuant to law for the administrative expenses
5 of the Public Housing Administration in carrying out duties
6 imposed by or pursuant to law including not to exceed
7 \$2,500,000 of the funds available for administrative expenses
8 for the United States Housing Act program (all of which
9 are hereby merged into a single administrative expense ac-
10 count), not to exceed \$9,000,000 shall be available for such
11 expenses subject to the provisions of section 6 (b) of the
12 Act of September 1, 1937, as amended, 42 U. S. C. 1406
13 (b), including health-service program as authorized by law
14 (5 U. S. C. 150) : *Provided*, That the number of officers
15 and employees in classification grades 11 of the clerical,
16 administrative, and fiscal service, and 4 of the professional
17 service, and higher grades shall not exceed 20 per centum of
18 the total number of officers and employees paid from such
19 funds: *Provided further*, That necessary expenses of provid-
20 ing representatives of the Administration at the sites of non-
21 Federal projects in connection with the construction of such
22 non-Federal projects by public housing agencies with the
23 aid of the Administration, shall be compensated by such
24 agencies by the payment of fixed fees which in the aggre-
25 gate in relation to the development costs of such projects will

1 cover the costs of rendering such services, and expenditures
2 by the Administration for such purpose shall be considered
3 nonadministrative expenses, and funds received from such
4 payments may be used only for the payment of necessary
5 expenses of providing representatives of the Administration
6 at the sites of non-Federal projects or for administrative
7 expenses of the Administration not in excess of the amount
8 authorized by the Congress.

9 Liquidation of resettlement projects: Not to exceed
10 \$40,000 of the receipts derived from the operation of the
11 projects transferred under section 4 (b) of Reorganization
12 Plan Numbered 3 of 1947 shall be available for necessary
13 expenses in connection with and to facilitate disposition of
14 the suburban resettlement projects known as Greenbelt,
15 Greendale, and Greenhills including services in accordance
16 with section 15 of the Act of August 2, 1946 (5 U. S. C.
17 55a).

18 Defense Homes Corporation: Within thirty days after
19 the date of enactment hereof the Housing and Home
20 Finance Administrator shall transfer or cause to be trans-
21 ferred to the Secretary of the Treasury for cancellation,
22 without reimbursement or other consideration, all of the
23 capital stock of Defense Homes Corporation, together with
24 the stock certificates evidencing the ownership of such stock.
25 All assets and liabilities of every kind and nature and all

1 records of Defense Homes Corporation shall be transferred,
2 within thirty days after the date of enactment hereof, to
3 the Reconstruction Finance Corporation, without reimburse-
4 ment or other consideration, for the purpose of liquidation
5 in an orderly manner. The Reconstruction Finance Cor-
6 poration shall proceed to liquidate the affairs of the Defense
7 Homes Corporation, including realization of the value of all
8 its assets and settlement of all its legal liabilities including
9 the existing indebtedness of Defense Homes Corporation to
10 the Reconstruction Finance Corporation. Any net proceeds
11 remaining after the payment of all obligations of Defense
12 Homes Corporation, and all administrative expenses incurred
13 in its liquidation, shall be covered into the Treasury as
14 miscellaneous receipts.

15 DEPARTMENT OF AGRICULTURE

16 Federal Farm Mortgage Corporation: Not to exceed
17 \$2,000,000 (to be computed on an accrual basis) of the
18 funds of the Corporation shall be available for administra-
19 tive expenses, including employment on a contract or fee
20 basis of persons, firms, and corporations for the performance
21 of special services, including legal services, and the use of
22 the services and facilities of Federal land banks, national
23 farm loan associations, Federal Reserve banks, and agen-
24 cies of the Government as authorized by the Act of Jan-
25 uary 31, 1934 (12 U. S. C. 1020-1020h) ; and said total

1 sum shall be exclusive of interest expense, and expenses
2 in connection with the acquisition, operation, maintenance,
3 improvement, protection, or disposition of real or personal
4 property belonging to the Corporation or in which it has
5 an interest: *Provided*, That of the funds available to the
6 Corporation for administrative expenses, not to exceed
7 \$244,000 shall be available for payment to the Farm
8 Credit Administration for supervisory or other services
9 rendered: *Provided further*, That prior to June 30, 1949, not
10 less than \$68,000,000, and all additional cash funds in
11 excess of operating requirements for the fiscal year 1949,
12 shall be declared as dividends and paid into the general
13 fund of the Treasury: *Provided further*, That the aggregate
14 amount of bonds the Corporation may issue and have out
15 standing at any one time shall not exceed \$500,000,000.

16 Federal intermediate credit banks: Not to exceed
17 \$1,607,500, of which \$107,500 shall be available only for
18 liquidation of obligations incurred in the fiscal year 1948
19 (to be computed on an accrual basis), of the funds of the
20 banks shall be available for administrative expenses, includ-
21 ing the purchase of not to exceed five passenger motor
22 vehicles for replacement only, services performed for the
23 banks by other Government agencies (except services per-
24 formed by the banks for cooperatives in connection with
25 loans to cooperative associations rediscounted or pledged

1 with the Federal intermediate credit banks, and services
2 performed by any Federal Reserve bank and by the United
3 States Treasury in connection with the financial transactions
4 of the banks) ; and said total sum shall be exclusive of
5 interest expense, legal and special services performed on a
6 contract or fee basis, and expenses in connection with the
7 acquisition, operation, maintenance, improvement, protec-
8 tion, or disposition of real or personal property belonging
9 to the banks or in which they have an interest: *Provided*,
10 That of the funds available to the banks for administrative
11 expenses, not to exceed \$373,600, of which \$80,000 shall
12 be available only for liquidation of obligations incurred in
13 the fiscal year 1948, shall be available for payment to the
14 Farm Credit Administration for supervisory or other services
15 rendered.

16 Production credit corporations: Not to exceed
17 \$1,350,000 (to be computed on an accrual basis) of the
18 funds of the corporations shall be available for administrative
19 expenses, including the purchase of not to exceed three
20 passenger motor vehicles (for replacement only), services
21 performed for the corporations by other Government
22 agencies; and said total sum shall be exclusive of interest ex-
23 pense, legal and special services performed on a contract or
24 fee basis, and expenses in connection with the acquisi-
25 tion, operation, maintenance, improvement, protection,

1 or disposition of real or personal property belonging
2 to the corporations or in which they have an interest:
3 *Provided*, That of the funds available to the corporations for
4 administrative expenses, not to exceed \$232,000 shall be
5 available for payment to the Farm Credit Administration
6 for supervisory or other services rendered: *Provided*, That
7 prior to June 30, 1949, the corporations shall return Gov-
8 ernment capital aggregating not less than \$60,000,000 to
9 the Treasury of the United States to be carried to the surplus
10 fund and covered into the Treasury, and the Governor of
11 the Farm Credit Administration is authorized and directed
12 to cancel the capital stock of the corporations in par value
13 amount equal thereto.

14 Regional Agricultural Credit Corporation of Washing-
15 ton, District of Columbia: Not to exceed \$46,800 (to
16 be computed on an accrual basis) of the funds of the
17 Corporation shall be available for administrative expenses,
18 including supervision and examination by the Farm Credit
19 Administration and services performed for the Corporation
20 by other Government agencies; and said total sum shall
21 be exclusive of interest expense, legal and special services
22 performed on a contract or fee basis, and expenses in con-
23 nection with the acquisition, operation, maintenance, im-
24 provement, protection, or disposition of real or personal
25 property belonging to the Corporation or in which it has

1 an interest: *Provided*, That no other funds shall be avail-
2 able for administrative expenses of the Corporation: *Pro-*
3 *vided further*, That of the funds available to the Corporation
4 for administrative expenses, not to exceed \$12,500 shall
5 be available for payment to the Farm Credit Administration
6 for supervisory or other services rendered: *Provided further*,
7 That \$12,000 additional of the funds available for adminis-
8 trative expenses, fiscal year 1948, shall be available for
9 payment to the Farm Credit Administration for supervisory
10 or other services rendered: *Provided further*, That, for the
11 fiscal year 1949, the revolving fund in the Treasury of the
12 United States created by section 84 of the Act of June 16,
13 1933 (12 U. S. C. 1148a), for investment in any regional
14 agricultural credit corporation shall be available only in
15 the amount of \$25,000,000.

16 DEPARTMENT OF COMMERCE

17 Inland Waterways Corporation: Not to exceed
18 \$498,800 shall be available for administrative expenses, to
19 be determined in the manner set forth under the title
20 "General expenses" in the Uniform System of Accounts for
21 Carriers by Water of the Interstate Commerce Commission
22 (effective January 1, 1947) for water operations, and in the
23 manner set forth under the title "Operating expense
24 accounts—general" in the Uniform System of Accounts for
25 Steam Railroads of the Interstate Commerce Commission
26 (issue of 1943) for railroad operations: *Provided*, That no

1 funds shall be used to pay compensation of employees nor-
2 mally subject to the Classification Act of 1923, as amended,
3 at rates in excess of rates fixed for similar services under the
4 provisions of the Classification Act, as amended, nor to pay
5 the compensation of vessel employees and such terminal and
6 other employees as are not covered by the Classification
7 Act, at rates in excess of rates prevailing in the river trans-
8 portation industry in the area: *Provided further*, That the
9 Corporation is authorized to pay not to exceed \$3,918.48
10 for services actually rendered by eighteen of its former em-
11 ployees during the fiscal year 1947 and for which there
12 is no present authority to pay.

13 DEPARTMENT OF JUSTICE

14 Federal Prison Industries, Incorporated: Not to exceed
15 \$302,000, of which \$35,000 shall be available only for
16 liquidation of obligations incurred in the fiscal year 1948 (to
17 be computed on an accrual basis), of the funds of the Cor-
18 poration shall be available during the fiscal year 1949 for
19 its administrative expenses, which shall be determined in
20 accordance with the Corporation's prescribed accounting
21 system in effect on July 1, 1946, and shall be exclusive of
22 depreciation, vocational training expenses, payment of claims,
23 expenditures which the said accounting system requires to
24 be capitalized or charged to cost of commodities acquired or
25 produced, including selling and shipping expenses, and ex-
26 penses in connection with acquisition, construction, opera-

1 tion, maintenance, improvement, protection, or disposition of
2 facilities and other property belonging to the Corporation or
3 in which it has an interest.

4 DEPARTMENT OF STATE

5 The Institute of Inter-American Affairs: Not to exceed
6 \$490,000 of the funds available to the Corporation shall be
7 available during the fiscal year 1949 for its administrative
8 expenses, including administrative services performed for the
9 Corporation by other Government agencies.

10 TITLE III

11 GENERAL PROVISIONS

12 SEC. 301. Funds made available by this Act for ad-
13 ministrative expenses shall be available, in addition to objects
14 for which such funds are otherwise available, for personal
15 services and rent in the District of Columbia; printing and
16 binding; examination of budgets and estimates of appro-
17 priations in the field; travel expenses in accordance with
18 the Standardized Government Travel Regulations, the Sub-
19 sistence Expense Act of 1926, as amended (except as to
20 per diem rates outside continental United States) and the
21 Act of February 14, 1931, as amended (5 U. S. C. 73a) ;
22 for the objects specified under the head "General provisions"
23 in title II of the Independent Offices Appropriation Act,
24 1949, all the provisions of which title unless otherwise
25 specified in this Act, shall be applicable to the expenditure

1 of such funds; and services in accordance with section 15 of
2 the Act of August 2, 1946 (5 U. S. C. 55a) : *Provided*,
3 That in the event any functions budgeted as administrative
4 expenses are subsequently transferred to or paid from other
5 funds, the limitations on administrative expenses herein pro-
6 vided shall be correspondingly reduced.

7 SEC. 302. No part of any funds of or available to any
8 wholly owned Government corporation shall be used for the
9 purchase or construction, or in making loans for the purchase
10 or construction of any office building at the seat of govern-
11 ment primarily for occupancy by any department or agency
12 of the United States Government or by any corporation
13 owned by the United States Government.

14 SEC. 303. Funds of the corporations and agencies cov-
15 ered by the provisions of this Act shall be available for
16 payment of claims pursuant to section 403 of the Federal
17 Tort Claims Act (28 U. S. C. 921) .

18 SEC. 304. Any funds of, or available for expenditure
19 by, any corporation or agency included in this Act, which
20 are not subject to audit by the General Accounting Office
21 under the provisions of the Government Corporation Control
22 Act (31 U. S. C. 841-869) or other law, shall be accounted
23 for and audited in accordance with the Budget and Account-
24 ing Act, as amended, and no such fund shall be obligated or
25 expended unless and until an appropriate appropriation

1 account shall have been established therefor pursuant to an
2 appropriation warrant or a covering warrant: *Provided*, That
3 this section shall not be so construed as to modify or repeal
4 any provision of any other law respecting warranting, ac-
5 counting for, and auditing of funds.

6 SEC. 305. After the date of enactment hereof the salaries
7 of the Governor of the Farm Credit Administration and
8 the Housing and Home Finance Administrator shall be at
9 the rate of \$12,000 per annum.

10 SEC. 306. No part of the funds of, or available for
11 expenditure by, any corporation or agency included in this
12 Act shall be used to pay the salary or wages of any person
13 who engages in a strike against the Government of the
14 United States or who is a member of an organization of
15 Government employees that asserts the right to strike against
16 the Government of the United States, or who advocates, or
17 is a member of an organization that advocates, the overthrow
18 of the Government of the United States by force or violence,
19 or who is a member of any labor organization the officers of
20 which have not complied with the requirements of subsection
21 (h) of section 9 of the National Labor Relations Act, as
22 amended by the Labor-Management Relations Act, 1947:
23 *Provided*, That for the purposes hereof an affidavit shall be
24 considered prima facie evidence that the person making the
25 affidavit has not contrary to the provisions of this section

1 engaged in a strike against the Government of the United
2 States, is not a member of an organization of Government
3 employees that asserts the right to strike against the Govern-
4 ment of the United States, or that such person does not ad-
5 vocate, and is not a member of an organization that advocates,
6 the overthrow of the Government of the United States by
7 force or violence, or that such person is not a member of any
8 labor organization the officers of which have not complied
9 with the requirements of subsection (h) of section 9 of the
10 National Labor Relations Act, as amended by the Labor-
11 Management Relations Act, 1947: *Provided further*, That
12 any person who engages in a strike against the Government
13 of the United States or who is a member of an organization
14 of Government employees that asserts the right to strike
15 against the Government of the United States, or who ad-
16 vocates, or who is a member of an organization that
17 advocates, the overthrow of the Government of the United
18 States by force or violence, or who is a member of any labor
19 organization the officers of which have not complied with
20 the requirements of subsection (h) of section 9 of the
21 National Labor Relations Act, as amended by the Labor-
22 Management Relations Act, 1947, and accepts employment
23 the salary or wages for which are paid from any funds avail-
24 able to any corporation or agency included in this Act shall
25 be guilty of a felony, and upon conviction, shall be fined not

1 more than \$1,000 or imprisoned for not more than one year,
2 or both: *Provided further*, That the above penalty clause
3 shall be in addition to, and not in substitution for, any other
4 provisions of existing laws.

5 SEC. 307. This Act may be cited as "The Government
6 Corporations Appropriation Act, 1949".

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A BILL

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

By Mr. PROESER

MAY 7, 1948

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

Issued May 11, 1948
For actions of May 10, 1948
80th-2nd, No. 83

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HIGHLIGHTS: House debated Government corporations appropriation bill. House committee reported selective-service bill. House received appropriation estimate for foreign aid.

HOUSE

1. **GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1949.** Began and concluded general debate on this bill, H. R. 6481 (H. Rept. 1880) (pp. 5657-89, 5692). Attached is a table containing a summary comparison of the Committee actions with the 1948 appropriations and authorizations, and with the Budget estimates for 1949, regarding USDA items.

Committee actions of special significance to the Department include: (1) Provision limiting to \$500,000,000 (Budget estimate, \$1,000,000,000) the amount of bonds the Federal Farm Mortgage Corporation may issue and have outstanding at any one time; (2) provision that, prior to June 30, 1949, not less than \$63,000,000 (same as Budget estimate) and all additional cash funds of the Federal Farm Mortgage Corporation in excess of operating requirements for fiscal year 1949 shall be declared as dividends and paid into the general fund of the Treasury; (3) provision that the Production Credit Corporations shall return Government capital aggregating not less than \$60,000,000 to the surplus fund of the Treasury, and that the Governor of FCA cancel the capital stock of the corporations in par value amount equal thereto; (4) provision that, for the fiscal year 1949, the revolving fund in the Treasury, created by Sec. 84 of the Act of June 16, 1933, for investment in any regional agricultural credit corporation shall be limited to \$25,000,000, a decrease of \$19,400,000; (5) provision that upon enactment of the bill the salaries of the FCA Governor and the HFF Administrator shall be at \$12,000 per annum; and (6) elimination from the bill of all provisions for payment of penalty mail costs. The bill also contains a new proviso prohibiting payments to employees who belong to unions the officers of which have not filed non-communist affidavits.

The bill also includes funds for Tennessee Valley Authority, Housing and Home Finance Agency, Export-Import Bank, Reconstruction Finance Corporation, and Institute of Inter-American Affairs.

Most of the debate related to TVA, particularly the question as to whether this agency should be permitted to construct steam plants. There was also some discussion of FCA agencies.

2. RECONSTRUCTION FINANCE CORPORATION. House conferees were appointed on S. 2287, to continue RFC (p. 5649). Senate conferees were appointed May 6.
 3. SELECTIVE SERVICE. The Armed Services Committee reported with amendment H. R. 6401, the selective-service bill (H. Rept. 1881)(p. 5692).
Rep. Scrivner, Kans., inserted and discussed a proposed amendment providing for review of the regulations, under the bill, by the Armed Services Committees; and he referred to the "fact that it was necessary" to enact the Tydings amendment under the previous system, to provide for deferment of farm laborers (pp. 5650-1).
 4. APPROPRIATIONS; FOREIGN AID. Received from the President supplemental appropriation estimates of \$818,000,000, for the fiscal years 1948 and 1949; for foreign-relief assistance (H. Doc. 639); to Appropriations Committee (p. 5692).
 5. APPROPRIATIONS; RECLAMATION. Received from the President a supplemental appropriation estimate of \$1,000,000, fiscal year 1949, for the Bureau of Reclamation (H. Doc. 640); to Appropriations Committee (p. 5692).
 6. RESEARCH; INVENTIONS. Received from the Justice Department a proposed bill to provide for adjustment of royalties and like charges for the use of inventions for the benefit of or by the U. S.; to Judiciary Committee (p. 5692).
 7. AUDIT REPORT was received on Export-Import Bank operations (H. Doc. 641); to Expenditures in the Executive Departments Committee (p. 5692).
 8. PUBLIC WORKS. The House Administration Committee reported with amendment H. Res. 532, providing funds for the investigation, by the Public Works Committee, of conspiratorial or other questionable practices which interfere with public works (H. Rept. 1882)(p. 5692).
 9. FOREIGN AID. Rep. Bryson, S. C., spoke in support of S. 2376, to provide for purchase of agricultural commodities to be processed in occupied areas and sold, with particular reference to cotton (pp. 5689-92).
 10. BUTTER; NUTRITION. Rep. Smith, Wis., quoted from the Yearbook of Agriculture, "Food and Life," regarding the importance of Vitamin A, and said, "Eat more butter..." (p. 5650).
 11. CLINTON P. ANDERSON. Rep. Pace, Ga., commended the work of Mr. Anderson (p. 5652).
- SENATE
12. LANDS; WILDLIFE. Passed without amendment H.R. 4018, authorizing the transfer to the States or the Interior Department of surplus Federal real property, chiefly valuable for the conservation of wildlife (p. 5613). This bill will now be sent to the President.
Passed without amendment H.R. 107, for the acquisition and maintenance of

the school-lunch program, and including Fred Bailey's Country Gentleman article on food prices (p. A2996).

32. SOIL CONSERVATION. Rep. Allen, La., inserted S.W. Nelken's testimony before the House Agriculture Committee favoring H.R. 6054, the Hope land-policy bill (p. A2985).
33. FEDERAL AID; EDUCATION. Rep. Cole, Mo., inserted a constituent's letter opposing S. 472, to provide Federal aid to States for education (pp. A2983-4).
34. FOREIGN AID. Rep. Reed, N.Y., inserted and discussed National Republic and U.S. News and World Report articles criticizing the use of tobacco and farm machinery as incentive goods in the ERP (pp. A2995-6, A3006-7).
35. HEALTH. Rep. Murray, Wis., inserted his recent radio address favoring a national health insurance program (p. A2964).
36. FOREIGN TRADE. Various remarks and insertions on extension of Reciprocal Trade Agreements Act (pp. A2964-5, A2967, A2972-3).
37. ELECTRIFICATION. Rep. Kefauver, Tenn., inserted his comments on the hearings for appropriations for the TVA steam plant (pp. A2968-9); and a Chattanooga Times editorial stating that "the private power lobby won its fight to put a ceiling" on TVA development (p. A2982).
Extension of remarks of Rep. Schwabe, Mo., including a Daily Oklahoman editorial, pointing out "the bitter battle...between private enterprise and public ownership and operation of our utilities" (p. A2990).
Rep. Evins, Tenn., inserted a Public Power magazine editorial favoring the New Johnsonville steam-power plant (pp. A2993-4).
38. RECLAMATION. Sen. Wherry, Nebr., inserted John B. Quinn's (exec. dir., Mo. Valley Assn.) article, "Two Years of the Pick-Sloan Plan" (pp. A2977-8).

COMMITTEE HEARINGS Released by G.P.O.

39. C.C.C. CHARTER. H.R. 6263, Federal reincorporation of CCC. House Banking and Currency Committee.
40. HOUSING. Study and Investigation of Housing. Joint Committee on Housing.
41. VETERANS' HOMESTEAD Act of 1948. H.R. 4488, Pt. 3. House Veterans' Affairs Committee.
42. FOOD AND DRUGS. H.R. 2717, required iodide content of iodized salt. House Interstate and Foreign Commerce Committee.
43. LANDS. S. 1243, revenue from lands in Wam Springs Indian Reservation, Ore. Senate Interior and Insular Affairs Committee.
44. APPROPRIATIONS. H.R. 6430, D.C. Appropriation Bill, 1949, and H.R. 6431, Government Corporations Appropriation Bill, 1949. House Appropriations Committee.

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COMMITTEE HEARINGS ANNOUNCEMENTS for May 11: S. Agriculture and Forestry, Aiken farm program (ex.); H. Agriculture, Hope land-policy bill; H. Rules, omnibus flood-control bill; Economic Report Joint Committee, President's Economic Report; S. Armed Services, UMT bill (ex.); S. Interior and Insular Affairs, Colo. River water distribution; H. Appropriations, deficiency and Legislative appropriations (ex.); H. Banking and Currency, TEW housing bill.

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(over)

UNITED STATES DEPARTMENT OF AGRICULTURE
GOVERNMENT CORPORATIONS

House Bill, 1949 Compared with Appropriation, 1948 and Budget Estimate, 1949

Item	Appropriation, 1948	Budget Estimate, 1949	House Committee Bill, 1949	Increases (+) or Decreases (-) House Bill Compared with Appropriation, Budget Estimate 1948	1949
FARM CREDIT ADMINISTRATION:					
Salaries and Expenses:	:	:	:	:	:
Direct appropriation	\$561,000:	\$531,000:	\$500,000:	-\$61,000:	-\$31,000
Assessments against member institutions of the Farm Credit system	2,519,456:	2,371,800:	2,371,800:	-147,656:	-
FEDERAL FARM MORTGAGE CORPORATION (ADMINIS- TRATIVE EXPENSES FROM CORPORATION FUNDS) ..	2,750,000:	2,160,700:	2,000,000:	-750,000:	-160,700
FEDERAL INTERMEDIATE CREDIT BANKS (ADMINIS- TRATIVE EXPENSES FROM CORPORATION FUNDS) ..	1,250,000:	1,755,300:	1,607,500:	+357,500:	-147,800
1 PRODUCTION CREDIT CORPORATIONS (ADMINISTRA- TIVE EXPENSES FROM CORPORATION FUNDS)	1,600,000:	1,602,600:	1,350,000:	-250,000:	-252,600
REGIONAL AGRICULTURAL CREDIT CORPORATION (ADMINISTRATIVE EXPENSES FROM CORPORATION FUNDS)	200,000:	46,800:	46,800:	-153,200:	-
a/ Includes supplemental estimate of \$107,500 consisting of \$27,500 for audit expenses of the General Accounting Office and \$80,000 for reimbursement to the Farm Credit Administration for supervisory expenses. These amounts were submitted as supplemental estimates for fiscal year 1948, but are included in 1949 since provision there- for is contained in 1949 House Bill.	:	:	:	:	:
b/ Includes \$107,500 for fiscal year 1948.	:	:	:	:	:
c/ House Bill provides that an additional \$12,000, requested in House Document No. 593, shall be available from the Corporation's administrative expense limitation for 1948 for liquidation of obligations incurred in 1948 by the Farm Credit Administration for supervisory or other services rendered.	:	:	:	:	:

The committee amendments were agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

VETERANS' BENEFITS MANUAL

Mr. LECOMPTE. Mr. Speaker, I submit the following concurrent resolution (H. Con. Res. 120) and ask for its immediate consideration.

The Clerk read as follows:

Resolved by the House of Representatives (the Senate concurring). That, within 90 days after adjournment of the second session of the Eightieth Congress, the pamphlet entitled "Manual Explanatory of the Privileges, Rights, and Benefits Provided for Persons Who Served in the Armed Forces of the United States During World War I, World War II, or Peacetime (After April 20, 1898), and Those Dependent Upon Them, With Special Reference to Those Benefits, Rights, and Privileges Administered by the Veterans' Administration" (House Doc. 772, 79th Cong., 2d sess.) be revised and printed as a House document; and that 91,300 additional copies shall be printed, of which 66,300 copies shall be for the use of the House of Representatives, 20,000 for the use of the Senate, 2,000 for the use of the Committee on Veterans' Affairs of the House of Representatives, 2,000 for the House document room, and 1,000 for the Senate document room.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SPECIAL COMMITTEE TO INVESTIGATE THE NATIONAL DEFENSE PROGRAM

Mr. LECOMPTE. Mr. Speaker, I submit a privileged resolution (S. Con. Res. 52) and ask for its immediate consideration.

The Clerk read the concurrent resolutions, as follows:

Resolved by the Senate (the House of Representatives concurring). That there be printed 7,000 additional copies of the report (Rept. No. 440, pt. 6, current session) of the special committee of the Senate authorized and directed to make a study and investigation of the operation of the war program, of which 5,000 copies shall be for the use of the special committee, 1,000 for the use of the Senate document room, and 1,000 for the use of the House document room.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

NATIONAL AVIATION POLICY

Mr. LECOMPTE. Mr. Speaker, I submit a privileged resolution (S. Con. Res. 53) and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

Resolved by the Senate (the House of Representatives concurring). That there be printed 5,000 additional copies of Senate Report No. 949, current session, entitled "National Aviation Policy," for the use of the Congressional Aviation Policy Board.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

DISTRICT OF COLUMBIA

The SPEAKER. This is District of Columbia day. The Chair recognizes the gentleman from Illinois [Mr. DIRK-

SEN], chairman of the Committee on the District of Columbia.

REGULATION OF CERTAIN INSURANCE RATES

Mr. DIRKSEN. Mr. Speaker, for the information of the House, may I say that we have only one bill concerning the District of Columbia to consider today.

Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 3998) to provide for regulation of certain insurance rates in the District of Columbia, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 22, after "reinsurance", insert "other than joint reinsurance to the extent provided in this act."

Page 3, line 1, after "title", insert "insurance."

Page 3, line 18, strike out "insurers" and insert "companies."

Page 4, line 2, after "upon", insert "the."

Page 4, lines 3 and 4, strike out "purpose of insurance."

Page 4, line 5, after "considerations", insert "attributable to such risks."

Page 4, line 12, strike out "insurers" and insert "companies."

Page 4, line 14, strike out "insurers" and insert "companies."

Page 4, line 15, strike out "be made" and insert "become."

Page 4, line 15, after "immediately", insert "upon filing."

Page 4, line 21, after "act.", insert "Rates for contracts or policies described in the last sentence of subsection (c) of section 4 of this act may become effective when made and filing thereof shall be made promptly thereafter."

"(g) No company, agent, or broker shall make, issue, or deliver, or knowingly permit the making, issuance, or delivery of any policy of insurance within the scope of this act contrary to pertinent filings which are in effect for the company as provided in this act, except that upon the written application of the insured stating his reasons therefor, filed with and approved by the Superintendent, a rate in excess of that provided by a filing otherwise applicable may be used on any specific risk."

Page 4, line 23, strike out "January 1, 1948" and insert "July 1, 1948."

Page 5, line 11, strike out "being made."

Page 6, line 11, after "policy", insert "other than one of workmen's compensation or automobile liability insurance."

Page 6, line 12, after "or" where it appears the second time, insert "a contract or policy of any type."

Page 7, line 1, strike out "admitted insurers" and insert "companies."

Page 7, lines 4 and 5 strike out "insurer" and insert "company."

Page 7, line 10, strike out "admitted insurers" and insert "companies."

Page 7, line 14, strike out "insurers" and insert "companies."

Page 7, strike out all after line 22 over to and including line 3 on page 8.

Page 8, line 8, strike out "insurers" and insert "companies."

Page 8, line 19, strike out "such."

Page 12, lines 6 and 7, strike out "insurers" and insert "Companies."

Page 12, line 7, strike out "insurer" and insert "company."

Page 12, line 14, strike out "insurer" and insert "company."

Page 12, line 18, strike out "review" and insert "revise."

Page 12, line 21, strike out "insurer" and insert "company."

Page 12, line 25, strike out "insurer" and insert "company."

Page 13, line 4, strike out "insurer" and insert "company."

Page 13, line 21, after "information" insert "as."

Page 13, line 22, strike out "act;" and insert "act. The expense of such examination shall be paid by the company or rating organization examined. In lieu of such examination the Superintendent may, in his discretion, accept a report of examination made by any other insurance supervisory authority."

Page 14, line 5, strike out "insurers" and insert "companies."

Page 14, strike out lines 7 to 14, inclusive, and insert:

"(d) The Superintendent may designate one or more rating organizations or other agencies to assist him in gathering statistical data and in making such compilations thereof as may be necessary for the proper administration of this act. Such compilations shall be made available, subject to reasonable rules promulgated by the Superintendent, to companies and rating organizations."

"The Superintendent shall have no authority at any hearing to compel the attendance of witnesses and he shall not be required to adhere to formal rules of pleading or evidence. At the request of a party or parties in interest made prior to any hearing, he shall administer oaths to witnesses and shall permit such party or parties, at the cost and expense of one who so requests, to have made a record of the hearing, which record upon request of such party or parties the Superintendent shall certify."

Page 15, lines 17 and 18, strike out "take effect October 1, 1947" and insert "become effective 30 days after approval."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1949

Mr. PLOESER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that debate continue until later in the afternoon, when we can more easily determine how much time will be required, and that the time be equally divided and controlled by the gentleman from Tennessee [Mr. GORE] and myself.

Mr. GORE. That is agreeable to me, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 6481, with Mr. GRANT of Indiana in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. PLOESER. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, the bill before the committee is an appropriation bill to allow either direct appropriations for the capital funds or expenses of 84 different Government corporations, or to put limitations on their administrative expenses. I think it is quite an interesting fact to know that the Government of the United States today operates 86 different Government corporations, all of which, with the exception of 2, are included in this particular appropriation bill. When we say we operate that many Government corporations, we also say at the same time that we have granted to those corporations, the 86, some twenty-nine and a half billion dollars' worth of borrowing power. That means that these corporate functions of the Federal Government have at their command and disposal approximately \$30,000,000,000 worth of cash and credits, which in itself is a tremendous impact upon the economy of this Nation, depending entirely upon the administration of these corporate bodies. I think it must also be said at this point that while they have approximately \$30,000,000,000 worth of borrowing power, they are at the present time only using a little less than \$12,000,000,000. We have attempted in this bill to make certain rescissions of surplus funds where we think they were unnecessary for the continued successful operation of the corporations. In such cases we have made rescissions. The committee has felt it is their duty as expressed in the Government Corporation Control Act not only to carefully scrutinize the use of Government funds and Government credit, but also to carefully watch where there may be surplus funds wholly unnecessary to the vital functions of such Government corporations and in such cases rescind and pay back into the Treasury such funds. The committee has also felt it is the implied duty or the written duty in the Government Corporation Control Act to see to it that the multiplicity and various ramifications of the construction of these corporations are simplified insofar as possible. That has been done by legislation through the various legislative committees to some degree and by act in the Government Control Act. It has been done over the past three appropriating seasons. This is the third such bill to come before the Congress of the United States subsequent to the Government Corporation Control Act of 1945.

The bill covers all except the Commodity Credit Corporation and the Federal Crop Insurance Corporation, both of which were included in the agricultural appropriation bill of this year. The bill also excludes the Virgin Islands Company, which corporate charter expires on June 30, 1948. There has not as yet been renewal, though there has been reported out of the Committee on Public Lands a bill which would reconstitute and redesign in its entirety the Virgin Islands Company. The committee has read and has heard the subject matter of new proposed legislation and has developed cer-

tain opinions on the subject and made certain recommendations to the legislative committee. If such legislation becomes law prior to the adjournment of this session of the Congress, the committee will be ready to bring rapidly to the floor a second bill which would include the Virgin Islands Company.

Mixed-ownership corporations are not included in this bill. It has been the opinion of this committee, and we wrote into the bill last year, and it was twice passed unanimously by the House, a provision which would have included the so-called mixed ownership corporations in the Government Corporation Control Act. It did not become law. I think I can safely say it is still the unanimous opinion of this committee that it should become law. We sought this year, as far as humanly possible, not to bring anything in this bill which would have the semblance of legislative action. We are hopeful that legislative action will take place soon, probably in the next Congress, to bring under the supervision of the Congress these mixed ownership corporations. It seems utterly ridiculous to this committee that Government corporations which are in some instances owned possibly 97, 98, or 99 percent by the Federal Government, should be outside of Congressional appropriation control, and, of course, utterly ridiculous that they should be at any time outside of Federal audit control.

In this bill is included appropriations for the administrative expense of the Reconstruction Finance Corporation. I think the committee should confess at the outset that the extension of the corporate authority for RFC has not yet taken place, although both Houses of Congress have acted, this House last week. We have tried in this bill to make the appropriation because we have confidence that the two Houses will consolidate their thinking and come in here within the next few days with a bill which will become law within probably the next fortnight. In such case, we believe it expedites matters for us to include in this bill, knowing what is in each bill as 'it has passed each of the Houses, we feel we are safe in our estimates which, in the main, must be, to some substantial degree, guesses on the part of both the RFC and on the part of the Congress.

The RFC, as you know has been stripped back until it is quite a different size. The very nature of its activities are quite different than they have been over most of the past decade, particularly during the wartime period. We felt that the House would not feel there was an imposition exercised by this committee by including the RFC, under the circumstances.

The committee report this year is quite lengthy. I think it might be well understood, without my even mentioning it, that there have been those who have sought to become joco-serious on the subject of the committee report and its length, especially in view of the fact that this committee has a reputation for brevity, having passed its bills in the past sessions in extremely short periods, one of them less than a minute—the second

Government corporation appropriation bill for 1948. So that it is out of cast for this committee to make a report of 76 pages. Nevertheless, we felt it necessary because we felt at some time or other there must be a documentation of the list and the scope and activities of these 86 Government corporations, and we have attempted to prepare that type of document in the committee report. We trust the indulgence of the House and we recommend for their edification the reading of this committee report.

In order to try to brief that which is contained in the report, I am going rather hurriedly through the various corporations and for the RECORD state what the committee has sought to do.

I might say this is the second time in the history of this committee in which there has been a division of opinion, in this case this year only on one subject, which might be referred to as the one hot spot in the bill. That is the question of whether or not the Appropriations Committee and the Congress have authority for allowing funds for the construction of a steam plant in connection with the Tennessee Valley Authority.

That is one of the very first subjects of the bill and one of the very first subjects, of course, of the committee report, and that is the only point on which there has been a division of views. The expression of this division is in the committee report.

I want to say for the committee that it is a great privilege to preside over such a group of men. I have never in my life worked with a group of men who more sincerely tried to accomplish a job in a harmonious fashion. There are things in this bill which probably are in disagreement as to the thinking of the various members of the committee but in which the committee has been able to find a common ground of action believing it for the welfare of the Federal Government and of the people served thereby. I have never in my life had a more happy experience than working with this group of men. That applies under the original chairmanship of the distinguished gentleman from Texas [Mr. MAHON] in the Seventy-ninth Congress, and his able and distinguished successor, the gentleman from Iowa [Mr. JENSEN], in the first session of the Eightieth Congress. I come by the present position strictly by inheritance.

In the first portion of the bill we have appropriated for the Tennessee Valley Authority, direct appropriations from the Treasury allowed in the current fiscal year 1948, were \$18,708,000. The TVA estimate for 1949 was \$35,154,600. The committee allowed them \$27,389,061.

The total Federal funds in the custody of the TVA, the proceeds from operations for the fiscal year 1948, were some \$87,717,930. Under this appropriation bill it would be \$78,042,930. Those funds are proceeds from the operation of the Tennessee Valley Authority and not directly appropriated funds from the Federal Treasury.

We have allowed them the same amount of funds to be usable from their own proceeds of operation as they requested. There is one difference, how-

ever, that comes about in the ultimate construction of this statement that I have just made, and we have made a difference in the requirement of the payback under the amortization plan developed in 1948 than they proposed to make themselves. So the total funds available for TVA for 1949 if these estimates of proceeds from operations are accurate, is \$105,431,991, a considerable sum.

I am putting in the RECORD at this point a summary of their appropriations, capital expenditures and expenses properly segregated so it may be clearly understood by all.

DIRECT APPROPRIATIONS—CAPITAL EXPENDITURES

The following tabulation reflects the recommendations of the committee with respect to the appropriated funds requested:

Direct appropriation recommended for fiscal year 1949

Program or activity	Budget estimate ¹	Recommended by committee	Increase (+) or decrease (—)
For assets:			
Upper Holston projects.....	\$15,142,000	\$15,142,000	-----
Additions and betterments to completed projects.....	1,378,000	1,176,000	—\$202,000
Navigation facilities.....	480,000	480,000	-----
Power facilities.....	4,000,000	-----	—4,000,000
Investigations for future projects.....	96,000	96,000	-----
Chemical facilities.....	3,551,000	2,337,000	—1,214,000
Facilities and equipment for general use.....	3,389,600	2,458,000	—931,600
Norris and Wilson villages.....	23,000	-----	—23,000
Total for assets.....	28,059,600	21,689,000	—6,370,600
For expenses:			
Fertilizer and munitions research and development.....	1,367,000	1,134,000	—233,000
Resource development activities.....	5,150,000	4,265,000	—885,000
Navigation operations.....	257,000	257,000	-----
Flood control operations.....	52,000	52,000	-----
Administrative and general expenses.....	1,260,000	992,061	—267,939
Operation of Norris and Wilson villages.....	99,000	100,000	+1,000
Total for expenses.....	8,185,000	6,800,061	—1,384,939
Total for assets and expenses.....	36,244,600	28,489,061	—7,755,539
Funds available from prior years and depreciation adjustment.....	—1,100,000	—1,100,000	-----
Working capital adjustment.....	+10,000	-----	—10,000
New appropriation.....	35,154,600	27,389,061	—7,765,539

¹ Revised to show administrative and general expenses and deficit of Norris and Wilson Villages as separate items.

In direct appropriations for so-called capital expenditures the estimates for the South Holston and Watauga Dams and for navigation facilities are approved in full by the committee. This, I think, is worthy of attention because it is ample demonstration, there was no feeling, no intention, no action taken in regard to this bill which would in the

slightest degree indicate that the members of the committee are opponents of public power. I must say that during the course of the last few weeks letters obviously incited by various municipalities in the Tennessee Valley, and, I am inclined to suspect, incited sometimes by some branch of the administration of the Tennessee Valley Authority, which have indicated that the word has been sent out that the Congress intended to withhold funds for completion of these dams. There has never been any such suggestion made on the part of any member of this committee during its deliberations. It has been very plain to me that it is nothing but a question of a propaganda effort to try to build in the minds of those good people in the Tennessee Valley that this committee is against the completion of these dams which have for their primary purpose navigation and flood control and which have as an auxiliary result the disposition and sale of a surplus commodity known as hydroelectric power.

Mr. Chairman, I yield myself 15 additional minutes.

Mr. Chairman, estimates were submitted for additions and betterments to multi-use projects, chemical facilities, and facilities for general use in Norris and Wilson villages, which were reduced by unanimous agreement of the committee.

There was an estimate of \$4,000,000 to begin construction of a steam plant in connection with the Tennessee Valley project. The committee has denied that \$4,000,000. This \$4,000,000 is merely the beginning of a proposed project that would ultimately cost \$84,000,000. There was great question in the minds of the members of the committee that the committee had any authority to make an appropriation for a steam plant. I am one who believes that the committee does not have such authority and the committee in its majority sustained that opinion. Yet it must be again pointed out, and I wish to emphasize this, that the hydroelectric turbines, those units necessary for the full use of hydropower as it might be directed into the development of electric current for use in the Tennessee Valley and its tributaries, has been allowed in this bill; but for us to interpret the Tennessee Valley Authority Organic Act to mean that the Congress intended the TVA should create a great Government power monopoly in the Tennessee Valley and its tributaries is something that this committee could not assume as an original intent. Yet that is the proposed program and it is clearly divulged in the request for this appropriation for a steam plant.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. FLOESER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Does this bill carry any part of the appropriation referred to for the building of a steam plant?

Mr. FLOESER. The bill does not.

Mr. CRAWFORD. Does this bill carry any authorization or appropriation for it?

Mr. FLOESER. The bill does not carry any authorization nor does it carry

any funds for the building of a steam plant.

Mr. CRAWFORD. At what time would that become an issue so far as a vote on the floor of the House is concerned?

Mr. FLOESER. Well, the Tennessee Valley Authority portion comes in the first part of the bill.

Mr. CRAWFORD. I understand that.

Mr. FLOESER. It will become an issue very quickly after we begin to read the bill for amendments under the five-minute rule.

Mr. CRAWFORD. In other words, the bill will be subject to amendment so that the steam plant operation may be injected into the bill and put in it, if the House sees fit?

Mr. FLOESER. That is right.

Mr. CRAWFORD. I thank the gentleman.

Mr. FLOESER. Mr. Chairman, it must be said that in the 1948 act the committee tried to work out a program of amortization, somewhat different from that enacted by the House this year in connection with other hydroelectric projects, because this is not an identical situation so far as investment and ultimate ownership are concerned.

The committee tried to work out a 40-year program of amortization which, after all is said and done, pays little more, if any more, than the actual interest owed the Federal Government. This amortization should be paid, we hoped, one-fourtieth each year. But, we divided it into four sections of 10-year periods, allowing for that unusual circumstance of a drought year in which they may be so handicapped by their income from power that they could not make an adequate payment. We did not have such a year last year, and we do not have such a year this year, and yet the Tennessee Valley Authority came to the committee this year, with Budget approval—whereas it had paid \$10,500,000 on amortization last year, which was an amount somewhat in excess of its one-fortieth annually or one-tenth of the quarter period—and offered to pay \$2,500,000, which is a fixed charge on the retirement of bonds—1 percent bonds, by the way, and in addition to the \$2,500,000 most magnanimously offered \$60,000 as a further amount on amortization. To me that constituted a breach of faith of the general understanding that was arrived at in last year's appropriation discussion and action. In my opinion there was utterly no justification for such an extreme abuse of the quarter period which we have written in as compromise in last year's appropriation bill. And, there is considerable evidence—though all the members of the committee may not feel quite as strongly as I do about the subject—that the Members have been taken aback and utterly surprised that the TVA would presume to make such estimates.

By unanimous agreement in the committee we have changed that and ordered a pay-back more nearly commensurate with the one-fortieth by taking into consideration what they overpaid last year and making further allowances for their needs in accordance with contract commitments for the installation

of the hydro turbines. Then they come up short on the basis of two-fortieths by \$1,411,862. In the ensuing year we may be able to make them pay up to date on their amortization program. I think any such attitude on the part of the committee is extremely liberal, and, as I said before, it was arrived at by unanimous agreement.

Figures on amortization of power investment

Total amortization requirement (July 1, 1948)-----	\$348,239,420
10-year period-----	87,959,810
1-year period-----	8,705,981
Paid in 1948-----	10,500,000
Overpayment-----	1,794,019
To pay in 1949-----	5,500,000
Short-----	1,411,862

There are many other detailed things which might be discussed as we go on. I do not want to take so much of the time of the committee on this one subject at this point in the discussion, and allow it to overshadow all other things which are included.

Now, in this bill we have the Housing and Home Finance Agency. To the Members of Congress and to the general public it is a rather difficult thing to keep up with the up-to-the-minute title of that agency which deals with housing and all of its ramifications. Under Executive order there have been so many changes that even this Appropriations Subcommittee, which is charged with the direct responsibility of making appropriations over that entire field, finds it difficult at times to keep up with the successive names and titles and reorganization programs instituted by the Executive. But that which a year ago was called the National Housing Agency is now the Housing and Home Finance Agency, and I hope it will keep a similar name long enough for everyone to understand that which is going on. It is another one of those cases where under the reorganization and various groupings of Federal agencies we find a superstructure superimposed on many other structures. Whether it leads to economy is something that I have yet to learn. I must be frank to confess that my observations in my time in government have been that most such reorganizations merely superimpose a new agency for which new appropriations are necessary, and all too frequently appropriations increase and do not decrease. We have not had sufficient experience with the life of this agency to even predict, except to say this, that the committee has considerable confidence in the man who heads the agency, and we feel that he is making a sincere effort, and a demonstration of our feeling on the subject is the fact that we have included in this bill allowance for \$2,000 increase in his compensation, from \$10,000 to \$12,000.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. PLOESER. I yield to the gentleman from Nebraska.

Mr. BUFFETT. I should like to make an inquiry in connection with the Federal contribution to these low-rent housing projects. Is it correct to say that all cities are treated in a uniform manner in the making of these Federal subsidy payments to the communities?

Mr. PLOESER. No, I would not say it is correct to say they have all been treated in a uniform manner in the arranging—let us put it that way—of these Federal subsidies on the part of the agency which made the arrangement. The committee has sought to treat them as uniformly as is humanly possible, in view of the things which occurred in the past. In the case of payments in lieu of taxes, for example, the only point in controversy, I believe, we have allowed these payments where there is contractual obligation to do so, and where there is not contractual obligation to do so we have not made such allowances.

Mr. BUFFETT. The amount of allowance you make is what the contractual relationship is?

Mr. PLOESER. That is right.

Mr. BUFFETT. You have neither raised nor lowered it?

Mr. PLOESER. That is right.

Mr. BUFFETT. If there is not uniformity it is because the authorities here created a situation of nonuniformity?

Mr. PLOESER. That is certainly correct.

Mr. BUFFETT. You have felt that it is impractical to try to make these payments uniform?

Mr. PLOESER. I think probably it is impossible to do so without breach of contract. There are two members of the committee whom I consider far more expert than I on this subject. If the gentlemen want a more technical answer, I would be happy to yield to the gentleman from New York [Mr. Coudert], or the gentleman from Mississippi [Mr. Whitten], who would be able to give the gentleman the information.

Mr. BUFFETT. I am afraid I would be tangled up in the technicalities, but I have a complaint that cities are not being treated uniformly. I should like to get in plain language the answer to that situation. I think the gentleman has given it to me pretty generally.

Mr. PLOESER. We did not create the situation. We are dealing with a thing we inherited under the Government Corporations Control Act. Where uniformity is lacking it was not of our creation. We are dealing with circumstances as they are, and trying our best to be as fair in the handling of those circumstances as we can.

Mr. BUFFETT. Do the public authorities responsible for the nonuniformity make any plausible explanation of the situation?

Mr. PLOESER. I am happy to yield to the gentleman from New York [Mr. Coudert] to answer that question.

Mr. COUDERT. I may say to the gentleman from Nebraska that the chairman of our committee has stated the situation as I understand it. In each case the Public Housing Authority made a contract with the individual municipality. This committee has taken the position that it can only authorize the spending of such money as was legally obligated under the existing contractual arrangement. If there is lack of uniformity, it is because the individual municipalities accepted differing contracts. That is all there is to it, I think.

Mr. BUFFETT. In other words, the cities in the first instance made what now turns out to be a bad deal, and the committee does not feel it has the power to remedy that situation?

Mr. COUDERT. The committee has no power to remedy the contractual situation unless they choose to give away something which it is under no obligation to give away.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. PLOESER. I yield.

Mr. WHITTEN. I might say that of course there is a great difference of opinion as to what the cities and municipalities are entitled to, but no difference of opinion as to what they would like to get. At the outset the basic law provided that there would have to be a 20-percent contribution on the part of the cities in order to qualify for this program. Some have provided their 20 percent through outright tax exemptions in its entirety. Others have contributed their part in one way or another. They did not exempt them from all taxation. So there were different contracts to start with. Later in those situations where they were not required to give full tax exemptions, the FPHA started making terms. They provided in their contracts that they would make some payment in lieu of taxes where cities have made contributions other than tax exemptions. So it called for different kinds of contracts. But in the largesse, you might say, of the FPHA as it was then operated in its desire to give away Federal money, they took it upon themselves to give cities 10 percent as a shelter rent to all cities, even in those cities where the contract did not so provide. This committee in an effort last year to bring them back within the original contract and within the law struck out such payments where we could; and where the contracts required such payment, of course, we had to leave them alone.

Mr. BUFFETT. I thank the gentleman for his information.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. PLOESER. Mr. Chairman, I yield myself 10 additional minutes.

We have done this briefly in the office of the Administrator in the Housing and Home Finance Agency. In 1948 they had \$100,000 in appropriations, plus transfers of \$765,000, giving them a total of \$865,000. They made estimates for 1949 of \$910,000. We have approved \$750,000 and we think that the design of the office can pretty well be predicated on the amount of the money they have to spend. There is no explicit requirement for the specified request.

With reference to the Home Loan Bank Board, they had \$1,400,000 in 1948. They requested \$1,882,000. We have given them \$1,800,000 for 1949, which is an increase over 1948 to provide funds for examinations of insurance and savings and loan institutions. They have a backlog of examinations, and we feel it is a very dangerous thing to allow such a backlog to exist. We think these examinations should be up to date and efficient, so we have acted here so that they might be. With reference to the Federal Savings Loan and Insurance

Corporation, they had \$532,243. They asked for \$635,000 in 1949. We have given them \$600,000. The increase was granted for additional personnel for supervision and aid to insured savings and loan associations in financial trouble and to keep them out of trouble. There is much to be said on this subject, and I hesitate to go into it and to take too much of the committee's time today, but I think this much should be said. The committee has been extremely apprehensive about the practices carried on by the savings and loan associations. We find all too frequently where people interested in the contracting business, in the home-building business, or in the legal profession, without any offense to the legal profession or to the builders or the insurance business, which happens be my own particular line, so I indict them, too, along with the others, have formed these associations. Their purpose seems to be the earning of additional fees other than the actual interest and fees chargeable directly to the making of loans. We think that is an extremely bad practice and feel that it brings a constant bearing influence upon their judgment in making insured loans and also upon the judgment incurred in the general conduct of business. We have advocated against it in last year's report, and we repeat that admonition in this report.

When you consider that the Federal Savings and Loan Insurance Corporation insures in its constituent members \$5,000 of the deposits for each account, you might readily assume that it is substantially a blanket insurance coverage over the assets of each of those organizations.

The same is true of the Federal Deposit Insurance Corporation. The same is true, both in its application to commercial banks and its application to mutual savings banks. You can figure the limitation of your insured risk all in one by assuming that the restriction of \$5,000 per account is in fact, as well as in theory, a tight restriction. The fact still remains that by insuring every account to the limit of \$5,000 you are substantially insuring the balance sheet of that subscribing organization.

So I think it is highly important that the Federal Government see to it that the activities and affairs of these insured institutions are carefully examined, and do not allow themselves to run a course of loose business.

The same applies, and the same admonition might be given, to the Federal Housing Authority. Most of us assume that the Federal Housing Authority, in its program of insurance, has been a most successful venture, because during a period of an inclining economy, greatly accelerated by the war, it has been true that some of the units of insurance have worked themselves out and paid off successfully. But there has never been a test. What would happen during a period of declining economy no one knows. There is no precedent for such insurance. Neither is there any precedent for the Federal Deposit Insurance Corporation, or for the Savings and Loan Insurance Corporation. For

us to assume that our reserves are adequate or that our premiums are sufficiently high is to make an assumption predicated upon no experience whatsoever which is adequate to test the situation.

No insurance company is worthy of its name until it can survive the excruciating situation. To merely take in premiums and to have little or no losses to pay out is never a test of an insurance company. When that period of extreme loss occurs—and it will not occur in our housing program or in our bank insurance program in this Nation until we go through a rather long period of a declining economy or perhaps a rather short period of abrupt decline in the economy—not until then will we know whether or not our experiment has been well managed.

So for us to assume that it has been is to accept a false premise.

In the Home Owners' Loan Corporation we have a situation where the continuation of liquidation is the job in hand, and it is declining each year. There is a proviso in this bill to transfer the actual stock of the Federal Savings and Loan Insurance Corporation from the Home Owners' Loan Corporation to the Treasury, where it really belongs, and have the Treasury cancel a similar amount of HOLC stock, which is \$100,000,000. No equities are disturbed, since both corporations belong to the Treasury anyway, but it does clean up some of the ramifications of indirect Government financing, which I might say well parallels in many cases some of the most difficult and problematic situations of which private industry has been accused in the past. I find little difference. The HOLC was established June 13, 1933, and has authority to acquire the mortgages of distressed home owners and their obligations and liens, secured by real estate, in exchange for its own bonds. This authority expired June 30, 1936, and since that time has been going through liquidation. The outstanding liabilities as of June 30, 1947, total \$550,853,000. It is estimated that as of this June 30 such liabilities will be reduced to \$385,134,000, and as of the subsequent June 30, or the close of the 1949 fiscal year, it will be reduced to \$256,491,000. It is now about 84 percent liquidated. I will put other figures in the RECORD so you may have a comprehensive statement of the subject.

Total obligations authorized to be outstanding amounted to \$4,750,000,000, against which a total of \$3,489,453,550 was issued. Outstanding liabilities on June 30, 1947, totaled \$550,853,000, and estimated for June 30, 1948 will be \$385,134,000, and estimated for June 30, 1949, will be \$256,491,000. Now about 84 percent liquidated.

From June 1933 to June 1936 made total of 1,017,801 loans, majority of which ran for 15 years, and some of which have been extended. At June 30, 1947, had outstanding 351,127 mortgage loans and vendee accounts, having value of \$557,018,000.

Deficit:

June 30, 1946-----	\$81,436,000
June 1947-----	62,146,000
June (estimated) 1948-----	47,309,000
June (estimated) 1949-----	36,301,000

In connection with FHA they have \$20,200,000 in 1948. They asked for \$19,-

000,000 for 1949. We gave them \$19,-000,000. It is not yet fully possible to really know what these administrative expenses may be. The Congress has not finished in all probability its final action on the subject in this session and it may be necessary to make further supplemental appropriations depending upon the action of the Congress.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. PLOESER. Mr. Chairman, I yield myself five additional minutes.

I am putting in a statement about low rental contribution inasmuch as that has been brought up. I am putting it into the RECORD so I will not take any further time on the subject:

Public Housing Administration administrative expenses

1948 -----	\$11,500,000
1949 (estimate) -----	11,000,000
1949 (approved) -----	9,000,000

Centralization of controls in Washington, closing some field offices, etc., will permit greater efficiency and reductions.

Low-rent contributions (direct appropriation)

1948 -----	\$4,000,000
1949 (estimate) -----	6,200,000
1949 (approved) -----	4,840,000

Increase granted to provide for decreased revenues due to eviction of high-income tenants, and reserve adjustments. The estimate of \$1,360,000 for increased payments in lieu of taxes was denied by committee, on basis of the same position it took last year.

(PHA administers low-rent housing and (so-called) slum-clearance program of the United States Housing Act of 1937. Operates all federally owned nonmilitary nonfarm housing. Liquidates public war housing and other programs. Supervises management of temporary housing for veterans and their families under title V of Lanham Act.)

Under the Farm Credit Administration set-up we have quite a multiplicity of functions. I am putting into the RECORD at this point a portion of the report which I hope all of you will read, because we have to delineate in as brief language as possible the break-down in the expenditures. In the central office we have allowed them \$500,000 of their request of \$531,000. There has been a very definite trend toward reduction in the expense of these activities. The committee is glad to say that and feels that certain trends can be established.

FARM CREDIT ADMINISTRATION ORGANIZATION AND FUNCTIONS

The farm-credit system is comprised of the Farm Credit Administration, a nonincorporated governmental supervisory agency, and 51 corporations. For operating purposes, the Nation is divided into 12 farm-credit districts, one of which includes Puerto Rico. At each district office there are four corporations—a Federal land bank, a Federal intermediate credit bank, a production-credit corporation, and a bank for cooperatives—48 corporations in all. The other three corporations are located in Washington, D. C. They are the Federal Farm Mortgage Corporation (the land banks act as agents for Federal Farm Mortgage Corporation), the Regional Agricultural Credit Corporation, and the Central Bank for Cooperatives. The functions of these institutions are:

Farm Credit Administration: Supervises, examines, services, and coordinates the 51 corporations; supervises and examines the

joint-stock land banks (privately capitalized—five remained at June 30, 1947, of which four had adopted plans for liquidation), organized under the Federal Farm Loan Act, approved July 17, 1916 (39 Stat. 360); administers the Agricultural Marketing Act, approved June 15, 1929 (46 Stat. 11), and the Cooperative Marketing Act of 1926 (44 Stat. 802). The Farm Credit Administration was established as an independent agency by Executive Order 6084, dated March 27, 1933, and was transferred to the Department of Agriculture effective July 1, 1939, pursuant to section 401 of the first plan on Government reorganization of April 25, 1939.

Federal land banks: The 12 land banks, organized in 1917 under the Federal Farm Loan Act approved July 17, 1916 (39 Stat. 360), provide long-term first-mortgage farm loans. They operate principally through 1,262 cooperative associations, known as national farm-loan associations, owned by the borrowers.

Federal intermediate credit banks: The 12 intermediate credit banks, established in 1923 under the Agricultural Credits Act of 1923 (42 Stat. 1454), discount short-term agricultural and livestock loans for and make loans to production-credit associations, banks for cooperatives, and other financing institutions.

Production credit corporations: These 12 corporations, established in 1933 under the Farm Credit Act of 1933 (48 Stat. 257), supervise and in part capitalize the local production-credit associations which make short-term production loans to farmers and stockmen. There are 504 such associations, 31 of which are entirely owned by the members.

Banks for cooperatives: The Central Bank for Cooperatives and the 12 district banks, established pursuant to the Farm Credit Act of 1933 (48 Stat. 257), extend short-term and long-term credit to cooperative associations dealing in farm products, farm supplies, or farm business services.

Federal Farm Mortgage Corporation: Established under the Federal Farm Mortgage Corporation Act, approved January 31, 1934 (48 Stat. 344), to provide first-mortgage loans not eligible for the land banks and second-mortgage loans as provided by section 32 of the Emergency Farm Mortgage Act of 1933 (48 Stat. 48), to assist the land banks financially during periods of emergency, and to make loans to joint-stock land banks. Authority to make mortgage loans ceased on July 1, 1947.

Regional agricultural credit corporations: Established under the Emergency Relief and Construction Act of 1932 (47 Stat. 713) for the purpose of supplying short-term production credit. They were placed in liquidation in 1934, following establishment of the production-credit system, and by February 1, 1944, the 12 corporations had been consolidated into 1—the Regional Agricultural Credit Corporation of Washington, D. C. Since 1941 loaning activities have been undertaken intermittently in restricted areas to meet emergencies only.

In the case of the Federal Farm Mortgage Corporation, they asked for \$2,160,000. We gave them \$2,000,000. They have been and are liquidating loans. The present borrowing power of the Corporation is \$2,000,000,000. They came up with a Budget proposal to reduce it to \$1,000,000,000. We reduced it to \$500,000,000, because we could find nowhere in any of the justifications or in the statement of anyone at all where there would be any greater demand under the most adverse circumstances for more than \$230,000,000 in any one year; and we felt that our action, in view of the fact that they still have a revolving fund

of \$200,000,000, was extremely on the liberal side. I may say there is no objection on the part of the Farm Credit Administration or any of their constituent units.

The Budget suggested that there might be a return in the coming fiscal year, 1949, of \$68,000,000. The bill makes this definite. We pay back into the Treasury surplus funds \$68,000,000 out of the Farm Credit Corporation funds.

Now we come to the Federal intermediate credit banks. I think the committee—and it is probably as much my fault as anyone's—cut them a little too fine in their funds for the fiscal year 1948. It has had a good effect as well as a slowing-down effect on some of the operations of these banks. We have tried to remedy our error. Confession alone is not sufficient. We have given supplemental appropriations of \$107,500, and in this current year against their request of \$1,647,800 we have given them \$1,500,000.

The production credit corporations requested \$1,602,000; we gave them \$1,350,000.

I could go on at great length on this subject, but I do not care to take that much time of the Committee, but their operation is almost purely paternalistic. The day has arrived when they are not making any extensive investments in production credit associations, but more in the social field than in the actual lending field or the extension of capital.

We found that they had about \$65,000,000 invested in Government bonds in which they were obviously speculating. They were speculating to their hearts' content in the Government bond market throughout the year and they were having a good time at it. We see no excuse whatsoever for any agency of the Government using surplus funds just to satisfy their own vanity as investment speculators, and we have written into this bill a provision taking \$60,000,000 of their funds and putting it in the Treasury in the fiscal year 1949.

The Regional Agricultural Credit Corporation is operating on a stand-by status. They asked for \$46,800, and we have given them \$46,800; and by merely a general understanding we reduced their revolving fund from \$44,000,000 to \$25,000,000, which is comparable to a similar revolving fund allowed to the Reconstruction Finance Corporation for emergency purposes. In the case of the St. Paul Land Bank we have a most astounding situation. The conference report of the House and Senate last year recommended that these mixed-ownership situations be cleared up by being sold out so that they would be owned by private interests as soon as possible. In the case of the St. Paul land bank they "pulled" what to me is an unpardonable sin. They borrowed from the Farm Mortgage Corporation the sum of \$21,000,000 so that they might have sufficient funds with which to pay off the Federal Treasury for their capital stock. In other words, they borrowed from the Federal Treasury to pay the Federal Treasury in order to get themselves out from under the control of Congress. I can find no

place where anyone could give a reasonable excuse for such unpardonable action. In the field of private business, men have not only been subjected to extreme censure for such action in that sort of manipulation of funds but, if my memory recalls correctly, some of them have been indicted and found guilty for such actions.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. PLOESER. Mr. Chairman, I yield myself five additional minutes.

Mr. Chairman, I see no reason to excuse any such action on the part of a Government agency and the committee has sought in this report to adequately censure them for such action. In the case of a repetition I think the committee would seek to take even stronger action than it has in simple words.

In the case of the Panama Railroad, one of the old steady operating corporations, we found that they had \$13,000,000 in unnecessary reserves in the form of Government bonds. We saw no reason why they should be in the Government bond market more than anyone else, so the committee has recouped and rescinded the amount of \$10,000,000 of the \$13,000,000 as dividend payment to the Treasury.

The Inland Waterways Corporation requested \$3,000,000 of new capital funds. In view of legislation pending, having been reported by the Committee on Interstate and Foreign Commerce, for permission to the Department of Commerce to make a sale in accordance with the recommendations of both the Small Business Committee of the House and the Appropriations Committee last year, we have seen fit to allow them \$2,000,000 of their request so that they might continue their operations in the hope such sale might be consummated and such legislation may become law before the adjournment of the present session of Congress.

The Reconstruction Finance Corporation requested \$25,796,000. We have allowed them \$24,796,000.

I have commented on their general operations sufficiently, I believe, but there is one thing to which I call the committee's particular attention. This will be found on pages 55 and 56 of the committee report. In this appropriation bill we have written off to bring into proper book balance in the Treasury the accounts of the RFC the sum of \$9,313,736,531. I will not attempt to explain this in detail except to say that it has no effect whatever upon the national debt. The impact on the national debt has already been felt. This is simply a bookkeeping operation. There may be further salvage and any further salvage will be paid directly into the Federal Treasury after the RFC has deducted those necessary expenses for disposal of the surpluses retained as a result of its war activities.

Write-off of war and related unrecoverable expenses provided for in bill, in amount of \$9,313,736,531.

Summary of the items tabulated in report as follows:

Statement of net expenditures for national defense, war, and related purposes, financed by RFC borrowings from the U. S. Treasury from inception to June 30, 1947

Assets remaining for disposal:		
Defense plants and facilities.....	\$1,984,700,229	
Inventories of commodities.....	346,967,934	
Loans, advances, and receivables arising principally from trading activities.....	183,793,099	
Other assets.....	46,933,993	
		\$2,572,400,255
Assets transferred to other U. S. Government agencies without reimbursement:		
Declared surplus:		
Defense plants and facilities.....	\$4,597,579,682	
Commodities, equipment, and supplies.....	84,200,343	
		4,681,780,025
Commodities transferred to national stock pile.....	251,095,164	
Hotel Empire, San Francisco, transferred to Public Buildings Administration.....	2,137,869	
		4,935,013,058
Subsidies, operating and other losses:		
Direct subsidies.....	3,035,723,714	
Operating losses:		
Trading in commodities, principally strategic and critical materials.....	\$326,391,190	
Manufacturing and processing operations conducted by agents in plants owned by the Corporation.....	250,274,593	
Transportation and other miscellaneous activities.....	-125,013,295	
Preclusive trading abroad, including activities conducted jointly with United Kingdom Commercial Corporation.....	117,540,613	
Pacific Ocean area operations conducted by U. S. Commercial Company.....	-3,249,968	
		565,943,133
Losses on sales and retirements of defense plants.....	325,216,246	
Expenses incurred in connection with construction, leasing, and disposition of defense plants.....	175,892,696	
Cost of experimental plywood flying boat.....	18,247,963	
Interest expense on funds borrowed from the U. S. Treasury.....	352,798,105	
Administrative expense.....	110,356,611	
		4,584,178,468
Total.....		12,091,591,781
Less:		
Defense plants rentals.....	\$821,681,371	
Net proceeds of renegotiation settlements.....	83,936,935	
Fees collected by U. S. Commercial Company for services to the Department of the Army in connection with trade with occupied countries.....	2,573,288	
Miscellaneous income and expense (net).....	15,847,002	
Recoveries from funds appropriated to other U. S. Government agencies under agreements providing for full or partial reimbursement to RFC of the cost of—		
Defense plants and facilities.....	\$1,379,877,783	
Rubber sold for war use.....	340,556,239	
Alcohol sold for war use.....	72,000,000	
Petroleum feed stocks diverted to the aviation-gasoline program.....	44,580,257	
Other.....	16,302,375	
		1,853,616,654
		2,777,555,250
Net expenditures for national defense, war, and related purposes financed by RFC borrowings from the U. S. Treasury.....		9,313,736,531

NOTE.—The foregoing statement represents a tentative reclassification and resummation of the balances set forth in schedule 3 (pp. 17 and 18) of the Corporation's published report and financial statements of June 30, 1947.

So, while this is a startling amount, it is already included in the national debt, and the action in this bill is a bookkeeping operation, so that we may clean up and make new the RFC books in accordance with their new authority as it may become them after the Congress has acted on the present proposed extension.

In the case of the Institute of Inter-American Affairs, it was the general opinion of this committee 2 years ago and then again 1 year ago that they were in liquidation. We had no sooner passed the appropriation bill last year when they came to the Congress and asked for a 5-year extension. This was reduced by general agreement on the floor of the House to 3 years, and there was an understanding between certain leaders of the Committee on Foreign Affairs and myself that that 3 years was to allow a liquidation of current programs. We find that that was not entirely true, as so frequently is the case in various departments of government, that you do not know the whole truth in the beginning, and we find that they came up with requests for supplemental appropriations which were referred to this committee for \$3,848,500 for the institution of new programs, and we denied it. For 1949 they requested \$5,000,000. They had a carry-over of \$2,000,000. We gave them \$2,500,000, so that they can go on during the coming fiscal year with \$4,500,000, and we have appropriately cut

proportionately their administrative expenses from \$980,000 to \$490,000.

In the case of the Federal Prison Industries there is not a great deal to be said. We allowed their request. We find it a rather well-managed affair and an old type of corporate activity on the part of the Government. They asked for \$267,000 for administrative expenses, and we granted it.

In the case of the Export-Import Bank, they asked for \$300,000 for administrative expenses, and we granted the same request.

We find ourselves in this final result where the committee over and above any such suggested rescission of funds has rescinded capital funds plus \$90,775,000, the total rescission being \$165,050,000. In the case of appropriations and limitations on administrative expenses the committee has made savings in excess of the prior fiscal year of \$19,523,800 and beneath, I should say, the proposed budget for the coming fiscal year of \$4,707,600. In the case of appropriated funds from the Treasury the committee has made savings in comparison with the 1948 appropriations of \$28,668,000, which is a very substantial percentage as compared to the appropriation request for the coming fiscal year 1949, the same being \$16,665,039.

I think in the main that is as near as I can come to briefing the situation as contained in this appropriation bill.

Mr. MAHON. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the personal relationships on this subcommittee have been most agreeable. It has been a pleasure to serve under the able chairmanship of the gentleman from Missouri, [Mr. PLOESER]. He has sought to be fair and considerate of the minority members in all instances. However, to say that it has been a pleasure to serve under his chairmanship is not to say that I am in full accord with his views in respect to this bill and with respect to this report, because I am not. I think the bill could have been much improved, but, as everyone knows, legislation is a matter of compromise.

It has been found in our democracy that the Government can best function in some instances through the vehicle of Government corporations. There are those who have said on previous occasions that all Government corporations should be abolished, but when the Democratic Party was in power in the House it did not seek to abolish them, though it must be said for the Democratic administration that the Corporation Control Act was passed under a Democratic Congress. The Republican Party is now the majority party in the Congress, but it has not seen fit to abolish the Government corporations in wholesale; rather, it is in process of reincorporating these Government corporations. This vehicle is admittedly a useful vehicle of government.

The main item of controversy in this bill has to do with the Tennessee Valley Authority, one of the most amazing experiments ever undertaken in the history of the country. It was established before any of the present members of this subcommittee were Members of Congress. The question of whether or not there should ever have been a TVA is not a question for the House at present to decide, because the TVA is now an existing reality, and it has contributed immeasurably to the peace and happiness of millions of people. I shudder to think what might have happened to our country during World War II if this vast resource had not been at the disposal of the Government in connection with the great aircraft production program and the development of the atomic bomb.

The gentleman from Mississippi [Mr. WHITTEN] and the gentleman from Tennessee [Mr. GORE], both members of the subcommittee, live very much closer to the TVA than I do, and they are more familiar with the details of the operation of the TVA and are more acquainted with the issues which are before the House today in connection with the TVA. Therefore, I shall not undertake to discuss the question at any great length. I do wish to say that I am unequivocally in favor of permitting the TVA to develop and operate along the best possible lines, and I do think that to prevent the construction of the proposed steam plant would be a step in the wrong direction, a step that could not possibly be justified. I shall join with others of my colleagues in doing everything in my power to secure the adoption by the House of the amendment which would provide for the beginning of the steam plant. I shall leave

the discussion of other details to those who are more immediately associated with that part of the country.

Mr. Chairman, I represent a great agricultural district. Through the years I have been very much interested, as I know many of you have been, in the development of the Federal Land Bank System and other farm-credit organizations.

The farm-credit structure of this country is on a sound basis. Mind you, I am not in favor of discarding or abolishing private credit. I like to see private credit thrive and flourish in this country. Private credit is essential to the smooth and proper operation of our economy of free enterprise. I am not against private credit. But I do think in certain fields the Farm Credit Administration has performed a great service to the farmers of the country and to the Nation generally. I was rather disappointed that the majority placed in the report a statement which is critical of the Federal Land Banks operation. I think, if you would leave it to the vote of the farmers of the Nation, regardless of politics or area, you would find that they would cast an overwhelming vote of confidence in the Federal Land Bank System and in the Farm Credit Administration. Farmers and ranchers do not want to see the system impaired. They feel it has been operated, generally speaking, on a very sound basis, and they would agree with me that the Governor of the Farm Credit Administration, Mr. Duggan, is doing an outstanding job in the position which he holds.

I take exception to a statement on pages 42 and 43 of the committee report on the bill. This statement deals with the repayment of capital to the Government by the Federal Land Bank of St. Paul, and criticizes the St. Paul bank for returning this Government capital. Congress has heretofore indicated a desire to see the Government corporations pay back Government capital.

It is stated in the report that the \$21,000,000 was borrowed from the Federal Farm Mortgage Corporation, a wholly owned Government corporation, and that such funds were obtained from the Treasury at an interest rate of 1 percent, which was below the then current rate of 1.77 for Treasury borrowings. The Treasury at that time was paying less than 1 percent for 1-year money. This loan was therefore at a higher rate than the cost of the money to the Government.

In another place it is stated that the Government still has \$21,000,000 invested in the Federal Land Bank of St. Paul. This statement does not recognize the difference between a loan and funds invested in capital. The \$21,000,000 borrowed as a loan is not invested in capital and the loan is secured 100 percent with consolidated Federal farm loan bonds.

I am much surprised that this action of the St. Paul bank should be criticized. The action of the bank should be applauded as an action in the interest of the taxpayer.

The bank pays interest on the money it now uses. The Government capital in the bank had drawn no interest. So, the action taken by the St. Paul bank in se-

curing a loan to combine with other funds in paying off the Government capital is thoroughly sound from the standpoint of the best interest of the Government and the taxpayer.

The report contains the statement that on June 30, 1947, after the repayment of the Government capital, the St. Paul bank had capital and surplus of only \$22,700,000. I cannot understand why the word "only" was used, because for the St. Paul bank the ratio of capital and surplus to total assets is about 1 to 6, whereas, for commercial banks that are members of the Federal Reserve System, the ratio of capital and surplus to total assets is about 1 to 16. The language used carries the implication that the bank is in a relatively weak financial condition, whereas the opposite is true.

The whole result of the transaction was not to injure the position of the Government but to protect the Government's interests and to return the Government capital. The repayment and borrowings were made with the approval of the Treasury of the United States. All of the tangible benefits were received by the United States Treasury. These benefits consisted of the Treasury receiving the remainder of its capital investment in the St. Paul Bank, and of the Federal Farm Mortgage Corporation, a wholly owned Government corporation, receiving interest on the loan.

The report further states that the Congress has lost all control over the land banks. The Federal Farm Loan Act provides for supervision of the land banks by public officials, including examination by auditors who are public officials who have the same general qualifications as national bank examiners.

I would say that the Production Credit Corporation will not be able to operate with adequate efficiency by reason of the reduction which was made in its operating funds for the Production Credit Corporation. I hope, however, that in that deduction I may be in error. I do feel at this time when we are seeking by every possible means to implement our foreign policy by our agricultural production, it is a mistake to do anything which will cripple the operation of the farm credit program of this country.

The gentleman from Missouri, the able chairman of the subcommittee, has made reference to the Institute of Inter-American Affairs. Over a period of years, beginning, I believe, in 1942, we have been carrying on in cooperation with the republics to the south of us in a program wherein we work with those republics in connection with their agricultural programs, their educational programs, and their programs of health and sanitation. This has been a very worth-while working relationship between our country and the countries to the south. It has brought on much friendship and understanding between our countries. In connection with our health program, scores of water systems throughout South America are being developed. American equipment is being used, and is paid for in cash by the beneficiaries. All the programs—health, education, agriculture—have been beneficial. They not only promote good will, they promote trade and

industry. They are in our financial best interest.

Anything we do in this country to cement the feeling of good will which exists between us and the South American countries is in the public interest. Yet that program has been so drastically curtailed by the bill before us that it cannot be carried on efficiently in the future unless some changes are made in the present bill. It seems to me most unwise to place ourselves in that position.

We are spending \$5,300,000,000 on the so-called Marshall plan, which is principally a European recovery plan. We all admit that the program may not be as successful as we hope that it may be. It is a great experiment on the part of our Government for the purpose of undertaking to insure the freedom of democratic peoples and the stability of our own country, and the peace of the world. It is a very important objective. But the committee in the present bill was unwilling to spend only a few hundred thousand dollars, relatively speaking, to carry on this program in the Western Hemisphere, which has been operated in the past with such outstanding success, and which has possibilities for great future good. Of course, I know it is always possible to find mistakes in the administration of any program, and no doubt that would be true with respect to the workings of the Institute of Inter-American Affairs. But generally speaking the program has been a great success. It is such an important program that it should be carried on in a continuous way, and I regret to see the program curtailed by the legislation which is before us.

Mr. Chairman, I feel that it is most important for those who want to secure, in a minimum of time, vital statistics with respect to Government corporations, that they take a look at the report which has been prepared on this bill. As I say, I take exception to some of the conclusions that are drawn, but over all it is a very excellent report, and it contains material that is extremely valuable. It would be impossible to get the amount of material contained in this report from any other source without many hours and days of study and research.

In that connection I should like to say that Claude Hobbs, the able clerk of this subcommittee, has done an excellent job in cooperating with all members of the committee in connection with the work which has been done on this bill.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield.

Mr. CRAWFORD. What Government corporations come under this general program that are not listed in this report?

Mr. MAHON. I think they are all listed.

Mr. COUDERT. I think perhaps the gentleman refers to the Commodity Credit Corporation, which is carried in the Agricultural Department bill. I think there may be one other also.

Mr. MAHON. Yes. The Federal crop-insurance program, which is a program carried on through the vehicle of the Corporation, and the Commodity Credit

Corporation are not covered in the bill before us. They are, however, referred to and described in the report which is before us.

Mr. CRAWFORD. Would the Virgin Islands Company be under that?

Mr. MAHON. As you know, under the Government Corporations Control Act, the Virgin Islands Company would expire under the law unless it is renewed.

It has not yet been renewed, and that fact is recited in the report which is before us.

Mr. CRAWFORD. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. COUDERT. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, I want to echo at the outset the remarks of my good friend from Texas about the personnel of this committee and the pleasant relations that have existed during the weeks of hard labor to which it has been subjected. I have the warmest regard for the three distinguished members of the minority and regret only that we were unable to convert them to our majority point of view on one or two matters of some importance. We hope that with time and education they will come to see the light and perhaps find themselves in accord with us.

But even more important than the membership of the committee—able, distinguished, and conscientious as the members are—even more important is the young man who acts as executive clerk of the committee, Claude Hobbs; without whose industry, intelligence, and conscientious work the operation of this committee would be almost impossible—at least, it would be a great deal harder and much more painful for the members—and the result would be much less satisfactory to other Members of Congress who have to read the report.

The chairman has asked me to develop in some detail the position of the subcommittee upon the subject of our only substantial difference of opinion in the committee—the subject of the steam-plant appropriation requested by TVA. Perhaps he asked me to do it because I am the only lawyer member of the majority, and the minority are almost all able members of the bar. So that so far as that phase of the division is concerned the minority has us 3 to 1, but we hope in the final count that that will be reversed.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I yield.

Mr. EVINS. Would the gentleman go so far as to say that the three members are distinguished members of the bar and able lawyers?

Mr. COUDERT. That does not necessarily mean that I agree with them, even if I admit that, because lawyers were invented for the purpose of preserving differences of opinion.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield for a question?

Mr. COUDERT. I yield.

Mr. JOHNSON of California. Is it the problem over this steam plant a legal problem or an economic problem?

Mr. COUDERT. It is both.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I yield.

Mr. CRAWFORD. Would the gentleman go so far as to say it may be a social problem?

Mr. COUDERT. It is any kind of problem you choose to make it. It is a problem which is before this Congress at the present time.

Mr. RANKIN. I would like to know why the gentleman from Michigan says it is a social problem.

Mr. CRAWFORD. If the gentleman cares to yield I will answer but I do not want to take up the gentleman's time.

Mr. COUDERT. I suggest that if these gentlemen will permit me to complete my statement, there will be ample time during the remainder of the afternoon in which to present their views.

Mr. Chairman, curiously enough, we are really going to be presented here this afternoon with a spectacle that would test the case-hardened credulity of Believe-It-or-Not Ripley; it is simply an incredible position. The gentlemen in the minority and those who support them, if there be any, are in fact and beyond peradventure of a doubt defending only the right of multimillion and billion-dollar industries to receive the benefit of subsidized public power paid for by the overburdened taxpayers of my State of New York, and of every other State of the Union.

Now, that sounds like a rather startling statement. It is. If you will bear with me for a brief time I think I can show you that there is no alternative to that conclusion, to-wit: That any one who undertakes to support an amendment to provide for the construction of this steam plant is championing no one other than the Aluminum Co. of America, a billion-dollar corporation, the Tennessee Copper Co., the Monsanto Chemical Co., and numerous other great industries who alone stand to benefit in years to come from this proposed power plant.

Let me make that perfectly clear and tell you why that is an inescapable conclusion. As of today, only one-third of the total power generated and sold by TVA goes to that class of customers that Congress intended to serve—municipalities and cooperatives. Now, just get that—one-third of the total generated power is all that goes to this preferred classification of customers. The balance goes to the great industrial users and to public utilities adjoining the valley area.

The Chairman of TVA testified before our committee and made it perfectly plain when he stated that if he did not have to carry or did not carry the industrial load, there would be sufficient power from existing installations to take care of the preferred municipal and cooperative customers for an indefinite and unlimited period. We can therefore say without any reservation whatsoever that the local municipal and cooperative users

in the valley area have no interest whatsoever in this proposed steam plant. They are safe, they are taken care of as far as the eye or imagination can project itself. So that you only have the simple question, Shall TVA now start off with a brand new point of departure, step out of its heretofore existing role, and become for all purposes and without limitation of any kind or character a great public utility free to call upon the Treasury of the United States to construct unlimited plants in size, scope, and expense, to be paid for by the taxpayers of the United States for the purpose of subsidizing any great industry that chooses to settle in the Valley and benefit by that cheap subsidized power.

Let us see how this works out. In January TVA announced—and that is the beginning of this whole controversy—that it wanted to begin a new program of additional generating capacity to meet the increasing power requirements of the Tennessee Valley area. Mr. Chairman, you will hear before this debate is concluded a great deal about firming up power. I believe that is all double-talk intended to obscure the issue. We had hours and days of testimony on that before our subcommittee. In truth and in fact it is clearly set forth in the TVA statement that it is for additional generating capacity and the only purpose for which that additional generating capacity is needed is to meet the prospective increasing needs of great industrial users.

What was the original purpose of TVA? Anyone who examines the act objectively and reads it from end to end cannot possibly escape the conclusion that the purpose of Congress in setting up this great agency was navigation control and flood control, and only incidental to those principal and constitutional purposes was any provision made for the generation and distribution and sale of electric power.

The first section of the act makes perfectly clear that those two, flood control and navigation, were the principal purposes. Then you come down to the operating section of the act which authorizes TVA to engage in the electrical business. Section 9 (A) provides that the Board is hereby directed in the operation of any dam or reservoir in its possession and control to regulate the stream flow primarily for the purpose of promoting navigation and control of floods. So far as may be consistent with such purposes the Board is authorized to provide and operate facilities for the generation of electric current at such dams for the use of the Corporation and for the use of the United States, or any agency thereof, and the Board is further authorized whenever an opportunity is afforded to provide and operate facilities for the generation of electrical energy in order to avoid the waste of water, to transmit to market such power, and so forth, for the purpose of liquidating the cost or aid in the maintenance of the projects of the Authority. Water power runs all through that; electricity from water power and not steam power.

Then you come to section 10 which states that the Board is empowered and authorized to sell the surplus power not used in its operations for the operation of locks and other works generated by it to States, counties, municipalities, and so forth, and in the sale of such current by the Board it shall give preference to States, counties, municipalities, and cooperative organizations, citizens, or firms not organized or doing business for profit but primarily for the purpose of supplying electricity to its own citizens or members.

Now, in an exchange between the chairman of the authority and the gentleman from Mississippi as to what the position would be if there were inadequate power to supply the needs of industries and those preferred customers, the Chairman of TVA admitted without reservation that under the law the first obligation would lie toward those preferred classifications of local customers. So I think that as to that there will be no doubt and there will be no difference of opinion between Members of the House. For many years and until the year 1948 it was the accepted position of the Authority, speaking through its officials, that it was not a public utility for all purposes; that its right to produce and sell electricity was clearly limited to such energy as was produced as a byproduct of the construction and operation of flood-control and navigation facilities. My authority for that statement is not just this committee. The House does not have to rely upon the members of the committee for that, even if it were satisfied to do so. The House has only to turn to the word of David Lilienthal, for a long period chairman of that Authority and only recently leaving it to go to the Atomic Energy Commission.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. COUDERT. Mr. Chairman, I yield myself 10 additional minutes.

I do not believe any Member of the House is going to suggest that Mr. Lilienthal will be charged or can be charged with taking a narrow view of the obligations, opportunities, and rights of the Tennessee Valley Authority. Certainly he would not be suspected of being a reactionary about it.

Let us see what Mr. Lilienthal had to say on this subject before a joint committee of Congress in 1938. He was being examined about the disposition of power and the contracts that had been made with some of the great industrial companies, including the Aluminum Co. of America:

Yet it is a part of our job to dispose of all this power not 20 or 30 years from now, but as soon as possible and, so far as possible, every year during the life of the plants. That means that some method must be found of disposing of power for relatively short periods—

Get this—

pending the growth of load by our municipal and cooperative customers. The only solution is sale to industrial and utility customers, that we have been able to devise. * * *

We have been successful in so staggering our contracts that I believe we have in large part solved the problem of reserving power

for the growth of our municipal and cooperative customers without presently wasting the power so reserved. I hope that is clear. * * *

And I think, and I think most people feel it was remarkably good fortune that they succeeded so well in handling this very difficult situation of getting revenues as we go along and yet having blocks of power that we can cut off in the years to come to take care of the priority customers' increased needs in the future. * * * Now, with a utility this situation of having to be ready to supply an increased demand by existing customers under a long-term contract presents no problem, no serious problem, because it simply constructs additional plants as they may be needed from time to time.

* * * With the Authority the situation is different, and the problem is acute. Generally speaking, we build our dams when and as required for the purposes of navigation and flood control, and not as market conditions for the power may dictate, and also subject to the general policies of the country with respect to public works for unemployment relief purposes.

It is quite apparent from the remarks of Mr. Lilienthal that he did not recognize an unlimited obligation to meet all the demands of all of the power users in the Valley, industrial as well as municipal and cooperative. Yet today that is precisely the position the officials of TVA are taking. They are squarely reversing the position taken by Mr. Lilienthal at that time and they are saying in effect today, "We must meet any and all demands for the production of power, whether it be hydroelectric power produced incidental to the dam operation or whether it be steam power produced by steam plants having no relation whatsoever to navigation or flood control." That is the radical reversal of opinion that presents this very important question to the Congress. If this steam plant is appropriated for it will set a precedent and have far-reaching consequences, to the end that henceforth every time the TVA finds its demand, industrial as well as cooperative, increasing, it will feel entitled to call upon Congress to provide the money for unlimited new facilities, 1 steam plant today, 2 steam plants next year, 10 steam plants 5 years from now.

The Chairman of the TVA apparently realizing that his position was not entirely secure and that it certainly was not secure at all while resting only upon the foundation of the initial enabling act, sought to draw comfort from the 1939 authorization of \$50,000,000 to purchase the properties of the Commonwealth and Southern in that area. He said:

That certainly was recognition that the TVA power system was to take on the responsibilities of supply that region, including the industrial customers.

Unfortunately for the chairman of TVA, however, his conclusion was not at all in conformity with the conclusion of the Senate committee which reported and recommended the passage of that bill. Said the Senate committee:

The purchase of the properties involved in this tentative sale would bring to the municipalities of a large section of Tennessee Valley the cheap electric rates of the TVA and thus save the citizens of more than 100

municipalities millions of dollars in the purchase price of electric current.

The Senate committee stuck to the original concept of the initial enabling act and held in its report that the purpose of TVA electric power was to supply cheap electric power to the municipalities and cooperatives which TVA is today in a position to do, and for an indefinite period.

Lest I overlook it, let me call the attention of the House to the fact that this bill, far from cutting down TVA or crippling it, carries \$29,000,000 for the construction of additional generating and distribution facilities—11 hydro generators which would produce some four hundred thousand kilowatts. In addition to that TVA will shortly take over the distribution of power produced by the dams on the Cumberland River, built by the Corps of Engineers. So that in addition to existing power production of TVA, some six hundred thousands kilowatts of new power will shortly come into existence out of authorized water turbine generators, which is constitutional and proper and in conformity with the whole purpose of the original TVA act.

This question has never been decided by the Supreme Court of the United States. One reason that it has never been decided by the Court is because the TVA never took it there. In the only case, or at least the leading case on various other aspects of the TVA, the counsel of the TVA and the Solicitor General of the United States without reservation unconditionally denied any assertion of the right to operate or build steam plants.

On page 16 of the committee report appear the statement of the Solicitor General and a very interesting colloquy between counsel. Let me read it to you.

Mr. JUSTICE McREYNOLDS. Is there a steam plant in connection with this project?

Mr. O'BRIAN. Yes; Your Honor. That was mentioned earlier. There is a large steam plant which was built at Muscle Shoals before the dam was built.

Mr. JUSTICE McREYNOLDS. For what purpose?

Mr. O'BRIAN. For the purpose of equipping the war munitions plant immediately as quickly as possible with power.

Mr. JUSTICE McREYNOLDS. Is that used to generate electricity?

Mr. O'BRIAN. No, sir; it has never been used. It stands idle. Much is made in my opponents' brief of the danger of the Government selling power from the steam plant. That steam plant is not in this case. It has never been used. It has been maintained. It has been leased to the Alabama Power Co., which has used it as a stand-by facility with which to meet break-downs in its service. There is nothing in this record to show that the Authority ever intends to use it for the purpose of generating power for sale, and I disavow any such intention at this time.

Mr. JUSTICE BUTLER. I know; but you assert the power; do you not?

Mr. O'BRIAN. No; I do not.

Mr. JUSTICE BUTLER. Do you say that to aid in disposing of the electricity, incidentally produced from this navigation dam, the Congress has no power under the Constitution to build stand-by plants to supply their customers, to keep the current going?

Mr. O'BRIAN. If you mean break-down facilities, yes; it could. It would have to. Any regulated system would have that.

Mr. JUSTICE BUTLER. And then to meet great demands upon the peak?

Mr. O'BRIAN. No; I do not think that could be done in this case.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. COUDERT. Mr. Chairman, I yield myself 10 additional minutes.

Mr. Justice Reed, presently sitting on the Court, was Solicitor General at that time, appearing for the United States. What did he say? Quoting Mr. Justice Reed:

From the bench and at the bar this controversy has come down to a question of this kind, if we assume that this act was primarily for navigation, then it would be valid. If we determine that this act, while stating that it is for navigation, national defense and flood control, is actually for the purpose of developing power and selling it commercially, the act would be invalid.

That is precisely the position that the present officials of TVA have taken, that they are in the business, first, last, and always, of producing power, no matter how such power may be produced, and without any regard whatsoever to navigation or flood control.

That presents to this Congress two very important questions. First, as to what really was the legislative intent inherent in the original Enabling Act. Second, it presents a major constitutional question: Has the United States, under the Constitution, the right to undertake to supply power commercially, as a primary function, to any particular group of citizens within the United States at the expense of all of the taxpayers of the United States, and not as a byproduct of a clearly constitutional function.

A majority of your committee took the position that this was not a question that should be decided in necessarily summary hearings in an appropriations subcommittee; that it was of such far-reaching importance and scope that it should be determined in orderly fashion by a legislative committee of this House, with full opportunity for hearings and full consideration of all the issues involved. The committee does not undertake to decide the question; the committee merely takes the view that orderly procedure on the merits requires that this important question be decided in orderly fashion after hearings by a legislative committee and proper debate thereon.

The majority members of the committee are not opposed to TVA. We have given TVA everything it asked for. We have given them \$15,000,000 to complete its dams; we have approved the \$29,000,000 for new generating facilities; we have made it possible for TVA to increase its hydroelectric-power production by an enormous amount.

And a final word, Mr. Chairman: The preferred class of customers—the municipalities and co-ops have no need for this steam plant because there is power enough of hydroelectric variety to supply them as far as we can see. But the question is whether Congress should appropriate the people's money to supply in perpetuity cheap subsidized power for great industries well able to build their own steam plants and to otherwise fur-

nish their own power. This is the question that the committee feels should be carefully considered and acted upon by the proper legislative committee and as decided in this bill.

One more word:

It is recognized that the Authority possesses and operates steam plants at the present time. However, such plants have been acquired or constructed under special conditions and circumstances having no bearing upon the present budget request.

The only plant built by TVA was built pursuant to Joint Resolution 95, Seventy-sixth Congress.

That appropriation, by terms of the resolution, was made "for the Tennessee Valley Authority * * * to provide facilities to expedite the national defense."

In order that there should be no ambiguity as to the intent of that joint resolution, the committee report thereon, on page 2, contains the following unequivocal statement: "There should not be any confusion in the public mind with respect to this proposal for the Tennessee Valley Authority. Irrespective of the present or past views of anyone with respect to the governmental policy involved in the Tennessee Valley Authority Act or the operations thereunder, this appropriation should be viewed and adjudged solely by its present bearing upon the national-defense program."

Mr. Chairman, I yield back the balance of my time and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman from New York yields back 2 minutes.

(Mr. COUDERT asked and was given permission to revise and extend his remarks.)

Mr. MAHON. Mr. Chairman, I yield 25 minutes to the gentleman from Mississippi [Mr. WHITTEN].

(Mr. WHITTEN asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Chairman, any discussion of the bill now before us will, of course, naturally come down to the difference of views that have been evident here this afternoon between the majority and the minority members of this committee on this proposed steam plant for the TVA.

This bill covers quite a number of Government corporations. With regard to most of these corporations the bill has to do with limiting the amount of administrative expenses. We do not have the great amount of money involved here that we have in the average appropriation bill where we appropriate for the activities of the department involved. Here, in most cases, we are limited to expense money covering administrative expenses and for that reason the degree of latitude is not wide. Many of the items of this bill do not accord with my own views or those of all the other members of the committee, but we have tried to work out those differences and have done so to the point that I think will permit these various Government operations to function.

As I stated, the chief difference in our committee had to do with the so-called steam plant for the Tennessee Valley Authority. There have been discussions of the TVA Authority to build a steam plant, the need for the steam plant, and then the obligation of the TVA to pro-

vide electricity for everybody by the construction of a steam plant if necessary to meet the needs. At the time we had our hearings the various public utilities of the area had their witnesses before the committee on the basis that they had an interest in that provision of the bill providing a steam plant in the Tennessee Valley area. I certainly agree they had a right to appear before the committee and relate to the committee any interest they had or might have in connection with the steam plant. They submitted to the committee—and I happen to be a lawyer, as are most of the other members of the committee—a rather lengthy brief going into the legal proposition of whether there is authority to construct a steam plant. I insisted that TVA likewise be permitted to submit its legal brief. That was done. As I say, I am a lawyer, and other members of the committee are lawyers. It would take actually a lot of detailed and very extensive study on the part of any lawyer to follow the various lines of authority laid down in these two briefs.

Any discussion that may have been had on the other side or on my own side is based on not as thorough a study of those two lines of authority as might be, but, again, this is a question that I dare say the Supreme Court would spend a whole lot of time and study on. Needless to say, I cannot see where there is any serious problem involved here, not as a result of these legal briefs but as a result of the action of the Congress which has gone uncontested throughout the years.

When the TVA was first set up, the first dam that was turned over to them was Wilson Dam, and at the time Wilson Dam was turned over there was also turned over a steam plant which had been used in connection with the water power. The Tennessee Valley Authority in 1939 was authorized to build a steam plant. It built a steam plant and operated a steam plant; in fact, they operate five steam plants today during the dry seasons. So there is nothing new in this proposition to provide a steam plant and it has gone uncontested throughout the years. True, it is, someone says, that in 1939 the seriousness of our national defense situation entered into the proposition and for that reason there was no question but what the Government had a right to provide for the steam plant.

If that be a basis for authority I call attention to the fact that today there is the same basis for permitting a steam plant. The war has not been officially declared at an end. In the press today we read where they are calling on the Congress to reenact the draft act and to pass an act providing for universal military training. We read also in the press where the Army is planning to build supersonic facilities which will require some 500,000 kilowatt-hours of electricity per year. We learn, too, that the Senate has passed a bill authorizing an appropriation for a 70-group Air Force which will require airplanes, which airplanes will require aluminum. The aluminum will largely be made in the Tennessee Valley area if electricity is available—and it is not available any-

where else. So we may take it that the national situation is somewhat serious, I certainly think either it is serious or else we are being misled today by the press, by our own Army and Navy leaders, and by our own President. The situation is sufficiently serious to bring the matter on the same basis as in 1939, which incidentally was a year and a half before we were at war and at a time when we said we were going to have peace and we hoped we would have peace.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from California.

Mr. JOHNSON of California. As I understand it, the development of electricity is a byproduct of the activity of controlling the streams for flood control. Is there anything in the law that would prevent us from doing anything that we can to increase the value of byproduct thereby making the electricity pay back the original investment in the entire project? Is there anything wrong in that in principle that the gentleman can see?

Mr. WHITTEN. There is not. You know, when you read an act you can always underscore anything. Very frequently those on one side or the other underscore that which seems to justify their position. But the limitation, as I see it, with regard to the generation of electricity in the Tennessee Valley is this: The TVA must keep the reservoirs sufficiently full of water for navigation. They must keep them sufficiently empty to provide reservoir space for flood control; then it is provided that you must generate electricity to the maximum extent necessary to prevent waste of water power. We have that direction in the TVA Act itself.

I cannot agree with statements that electricity is a byproduct. It is a product that must come within the two limitations. The water must be kept high enough for one, low enough for the other, the power must be generated in between; however you will find throughout the act the direction to generate the maximum amount of water power to prevent waste.

The committee recognized that requirement, because funds are provided in this bill for the installation of generators, the building of dams, and authorizing the TVA to carry out the mandate of the Congress of the United States in the TVA Act to manufacture the greatest amount of water power within these two limitations favoring flood control and navigation.

Now, when they carry out that mandate we find another requirement. We find in the act it is provided that this electricity shall be sold. It does not say that they are limited to municipalities and farmer cooperatives. I think wisely the writers of this act provided that they should have the first priority, and I think that is as it should be. But the act provides any electricity not needed for the priority customers shall be sold to commercial interests and users and distributors for profit. So it is recognized in the TVA Act that the Government is interested in the TVA and in the \$440,000,000 that we have invested in the building of the power end of the TVA,

and in self-liquidating of that \$440,000,000. It was recognized when the act was passed and the chairman and the members of this committee, of which I am a member, recognized last year that the Government had a financial interest in the TVA and its income because the bill that passed the Congress last year provided for what was called repayment. Now, I do not think it is a repayment. The TVA belongs to the Federal Government. Its earnings belong to the Federal Government, and whether you let the money stay in the banks to the credit of TVA or whether you draw it out, it still belongs to the Federal Government. I do not oppose that provision for so-called repayment. I think it is all right to withdraw funds from any agency whenever those funds are not needed for the proper operation of the agency or corporation.

Now let me say something about electricity.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. The preamble of the act in 1933 provided for the generation of hydroelectric power for industrial uses, and stated that in the act.

Mr. WHITTEN. Certainly it does. Of course, you know a lot of chambers of commerce throughout the United States have been led to believe that the TVA is responsible for the growth of industry throughout the South and other regions. This industrial development is not limited to the TVA area. It is not limited to that area by any manner or means. It has been rather widespread throughout the United States, and I will say that it is not a detriment to the rest of the United States, because for the first time in history we provide a great market for the products that are grown in other areas of the United States. We have more for ourselves and we spend more with them than ever before in history.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Mississippi.

Mr. RANKIN. I am a coauthor of the bill creating the Tennessee Valley Authority. We had a good deal of wrangling over that provision the gentleman refers to about the generation of power. At that time there was some doubt whether or not the Federal Government had a right to develop the power in these streams. But the Ashwander case, the two dissenting Judges which were quoted by the gentleman from New York, decided that we did have the right, and then later the Appalachian Power case was decided by the Supreme Court which was to the effect that the Federal Government not only owns the hydroelectric power in our navigable streams but also in all their tributaries.

Mr. WHITTEN. I appreciate the contribution of the gentleman. I think the whole country recognizes the contribution he has made to TVA and REA as well.

Mr. RANKIN. Let me call attention to something that has been overlooked

by the gentleman from New York. When the Muscle Shoals Dam was first built the Government built a great stand-by plant down at Gorgas, Ala., which was later sold by the Secretary of War, Mr. Weeks, without the consent of Congress, and the then President approved it. But, that stand-by plant was built at that time in order to firm up the power to be developed at Muscle Shoals when the dam was finished.

Mr. WHITTEN. Now the gentleman from New York—and I might say whom there is no finer gentleman in the Congress and none with whom I enjoy working with more, and I can say that for the other Republican members of the committee—

Mr. RANKIN. I want to endorse that statement also.

Mr. WHITTEN. The gentleman has made the statement if this power generated down in that region is not sufficient to meet the needs of the many industries of the region the Congress will be called on to provide more and more and more electricity. If this is the only public utility in the area, and it is, and if the public down there must look to the Tennessee Valley for its power, and it must, I trust and hope that this Congress in future years will provide additional electricity when it is required for the people of that area. If you will not do that the only thing to do is to do as some people would do, turn this area over to some private utility, because certainly you could not draw a line and say to this region, or any other region, "You have reached the maximum of your development, and we are putting a stop order on you, and we are doing it today." Certainly, I do not think the gentleman subscribes to any such belief, and I think he will recognize that if the Tennessee Valley is the public utility of that region it should be permitted to meet the needs of that region for electricity, just as the private utilities in other regions have the right to provide electricity, and the duty to do so. I may say that the private utilities are trying to meet that duty and obligation, because all of them have in orders for additional generating facilities. I was told before this committee by one of their witnesses that the private companies now have on order something like 6,000,000,000 kilowatt-hours of generating equipment.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. I call the attention of the gentleman to the fact that the private utilities expect to spend \$5,000,000,000 within the next 5 years on an expansion program, and also the technical advice is that they are going to firm up their power with steam generation to the tune of approximately 25 percent, to keep that firm power flowing to their consumers.

Mr. WHITTEN. I thank the gentleman. I know of his untiring interest in the TVA in that region and his untiring efforts to help here in this fight.

Mr. RANKIN. If the gentleman will yield further, I note the Governor of New York and a large number of other lead-

ers in New York are advocating the development of St. Lawrence water power projects in order to relieve the people of that great northeastern country. If they should, it will be absolutely necessary for them to build some kind of a stand-by plant in order to firm the power up and keep it at its peak.

Mr. WHITTEN. In considering the steam plant we can think of this as the fact: When the Wilson Dam was taken over by the TVA it included the steam plant. During the years of the TVA operation they have operated the steam plant. In 1939 they built a steam plant, and they have operated that steam plant since then. They operate five steam plants today. So it is pretty hard to realize or recognize or think that there is any serious question about their authority to do that, when they have done it for many years, and where, as far as I know, the question has not been raised directly; and where it has come up in connection with other questions, I do not know of a single instance in which the court has intimated that they could not operate a steam plant.

Let us see about the why of the steam plant: As stated, the Tennessee Valley Authority is the sole supplier of electricity to a region comprising parts of seven States. Over 5,000,000 people are dependent upon the Tennessee Valley Authority to supply them with electricity. They generate that electricity from this water power within the limitations which I have mentioned. Anyone knows that water power is available to a much greater extent during a part of the year than it is during the dry season of the year. The Tennessee Valley Authority has other limitations which make it extremely difficult to have an even flow through their dams and through their turbines all the year. If the water gets high enough in their lake to jeopardize having a sufficient reservoir for flood control, they have to turn it out. On the other hand, if the water gets low enough to jeopardize navigation, they have to cut the flow off. So the water power generated in the Tennessee Valley Authority has two limitations on it that do not exist in most areas where you have water power generators. This makes it highly important in the dry season of the year to make the water power that they can generate through a big part of the year firm so that you can sell it and the fellow who buys it can depend on it on a year around basis.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield further?

Mr. WHITTEN. I yield.

Mr. JONES of Alabama. This situation developed last November and December in the low water period, and therefore one of the big producers of aluminum had to cut down three pot lines, due to the fact that it could not get sufficient power to keep it in operation.

Mr. WHITTEN. I thank the gentleman. It has been recognized by practically all hydroelectric set-ups, including the TVA, that steam power to meet your need in this period of dry weather is highly important. A man who buys electricity wants to know that he can depend on it, just as you would not want

to take electricity where they might cut it off or where they might call you up and say that the load is too heavy and that you would have to go to bed because your house would be in darkness. That goes throughout the business world and applies to a great number of consumers of electricity. They want a dependable product. They will pay more for a dependable product than for something that will be up today and down tomorrow, where they might operate one week and have to close down next week. Recognizing that, the TVA throughout the years has operated five steam plants to firm up this power in the dry period of the year. That has been recognized. The testimony in this record, and it is uncontradicted, is that they generated by steam last year 1,000,000,000 kilowatt-hours of electricity. You may say that that is enough steam-power generation. But the testimony further shows that they sold between 14,000,000,000 and 15,000,000,000 kilowatt-hours of electricity, firm, dependable power, whereas in the absence of this 1,000,000,000 hours of steam-generated electricity they would have been able to sell only 9,000,000,000 kilowatt-hours of firm water-power electricity. Thus, by having 1,000,000,000 kilowatt-hours of steam-generated electricity last year they were able to sell from three to four billion kilowatt-hours of water-power-generated electricity as firm power which they otherwise would not have had to sell and the Government would not have had the profits from it, and, more important, the country would not have had the advantage of the use of that power.

I have before me a report from the Federal Power Commission in which they call attention to the seriousness of the situation facing us in the supply of electricity. A few weeks ago we had less than two-tenths of 1 percent of leeway between the electricity used in this country and that which could be made available. That is a safety margin of only two-tenths of 1 percent.

I would like to call your attention to a factual story appearing in Collier's magazine of a short time ago pointing out that in certain parts of Maine the streets were dark, that in certain parts of California, the water supply was being affected, that the Dow Chemical Co. had to lay off some of its employees all because of the shortage of electricity.

We find that in certain other areas, they are borrowing ships from the Navy and the Army. This story was written long before this fight started. The story calls attention to the seriousness of the situation. We find in certain other areas that private suppliers of power are having to call on the people who buy from them to please conserve electricity. In Portland, Maine, electricity is being generated by a ship in order to relieve the situation. The Pacific Gas & Electric Co., one of the Nation's biggest power systems, is buying electricity from other places, and anywhere that they can find an extra kilowatt-hour of current. Some of it is being purchased from the Navy at Mare Island.

Restaurants, hotels, and department-store owners have been requested to cut

down their cooling equipment for part of the day in parts of Texas.

The Union Electric Co. of St. Louis offers hints on how to save electricity.

A power company in California asks its customers to save every extra kilowatt of power, but asks for more of the same.

So we have a situation in this country that is critical and very serious. We have reached the point where we need all the electricity that it is possible to manufacture. The testimony shows that if the TVA gets this money, that a billion kilowatt-hours more of electricity will be made available. It is true that the gentlemen on this side may say it will be 1951 before this steam plant will be available. That is true, but it will be that time before the other agency facilities will be available to a large extent. Certainly, if we are going to give to the TVA this additional water power in a time of great national need, whether you want to charge it to national defense or against the electricity that goes to that farm home that you hear so much about, certainly there is every reason in the world to give them a little steam, if, by so doing, you can make three times as much water power available in a time when we have less than two-tenths of 1 percent degree of safety facing us today.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. COUDERT. Is there any reason why the taxpayers of the city of New York should subsidize the Aluminum Co. of America?

Mr. WHITTEN. There is no reason at all. I am glad the gentleman raised that point because I wanted to answer him on that and it had escaped my attention. If you have firm power, that is, water power for a big part of the year, and steam power to carry it on during the dry season, you can sell it to a buyer who must have dependable power. If it is not firm power, you have got to sell it to somebody like the Aluminum Co. of America that can operate when the power is there and can shut down and cut off when it is not there. During the war that is the way the Aluminum Co. operated in many instances. They operated when the Government told them they could and they closed down when they said the power load was too great. So the point I make is this: If you do not want the surplus sold to the Aluminum Co., and their kind, firm up the power and it can be purchased by others who do not have to have it at a low rate, which the Aluminum Co. always must have in order to make aluminum at a price for which you can purchase it.

Mr. COUDERT. The fact still remains, does it not, that the taxpayers of New York have been and will continue to subsidize the Aluminum Co. of America?

Mr. WHITTEN. Well, I do not know. It is six of one and half a dozen of the other. Up until the present time practically the entire output has gone into the manufacture of airplanes. I do not know whether it will pay us to pay more for the aluminum or contribute a little bit for the generation of electricity. But my understanding of it is that last year we provided that our own agency, the

TVA, shall pay back into the Treasury the money that we put into it. This bill provides for a continuation of that policy.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. WHITTEN] has expired.

Mr. WHITTEN. Mr. Chairman, I yield myself five additional minutes.

Mr. COUDERT. Will the gentleman yield for a further question?

Mr. WHITTEN. I yield.

Mr. COUDERT. I would like to answer the observation of the other gentleman from Mississippi [Mr. RANKIN] in his reference to the Ashwander case. The Ashwander decision does not touch this question in any way, shape or form, except to emphasize the position taken by the majority here; to wit, that the only power concerned is the power directly produced by water. The language of Mr. Justice Hughes is:

The Government is disposing of the energy itself which is simply mechanical energy incidental to falling water at the dam, converted into electric energy which is susceptible of transmission.

The steam-plant business does not come into that decision at all, and one reason for that was the fact that the TVA counsel and the Solicitor General, as indicated in our report and my remarks, withdrew the question from the Court and asserted that they had no such right.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. RANKIN. I suppose I am the only man in Congress who heard Chief Justice Hughes render that great opinion. He said exactly what I said he did, that this water power belonged to the Federal Government.

Mr. COUDERT. Right.

Mr. RANKIN. And that it had a right to use it. The Appalachian Power case came along later and they said not only that but that the Federal Government owned the power in all the tributaries of our navigable streams. Now, the gentleman from New York [Mr. COUDERT] keeps saying we are subsidizing it. It is not costing the people of New York one penny, and it never will. This power is being produced and sold at a profit that will pay every dollar that is invested in the TVA and every dollar invested in this stand-by plant.

Mr. COUDERT. I am glad the gentleman is so optimistic.

Mr. RANKIN. I will get some time later and tell you what you pessimists said 15 years ago.

Mr. COUDERT. The TVA came in with its budget request, with a \$70,000,000 gross income, and offered to pay \$60,000 to the taxpayers of the United States.

Mr. JOHNSON of California. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. JOHNSON of California. As the gentleman pointed out, all the power there comes out of the water. This money for stand-by plants is only to get more power out of the water to the customers. It is just the same sort of thing as buying a new turbine or a new piece

of machinery to get more juice out of that running river.

Mr. WHITTEN. That is right; and, as the gentleman says, if you will read the act, you will see that the people who wrote it—the Congress which passed it—intended the maximum amount of power to be generated and that it be sold on a business basis so it would meet the needs of the American people.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. COUDERT. Just so that we see quite clearly the issue between us, does the gentleman recognize any limit to the number of steam plants that TVA can construct under the existing law for the purpose of generating power?

Mr. WHITTEN. I would say that if the gentleman—and I do not believe he is going to be governed in his vote by my feelings in this matter—I had my chance to argue with him in the committee and while he listened with patience, he stuck to his original opinion, but I will say that if my opinion should govern or rule in this case it would be immensely pleasing to me—if TVA is to be the sole public utility of a great region I say this Congress must permit it to assume the same obligation that any other utility must assume in other localities. That is it should meet the need of the region for firm power. The TVA Act says that the Authority shall generate the maximum amount of water power and it would follow that up to the point that it would make it most useful you should have enough steam plants to firm it up during the dry season of the year. That is my view.

Mr. COUDERT. The gentleman, in other words, takes the view now that Mr. Clapp, the Chairman of the TVA is taking, and that Mr. Lilienthal repudiated before Congress several years ago, to wit: The TVA is a great utility; that, therefore, its primary purpose is the commercial production and sale of electricity, and, therefore, it is a great utility monopoly in the Tennessee Valley area.

Mr. WHITTEN. There is no question but what the TVA is a large utility and the sole utility for parts of seven States, 80,000 square miles of territory and 5,000,000 people.

The CHAIRMAN. The time of the gentleman from Mississippi has again expired.

Mr. WHITTEN. Mr. Chairman, I yield myself five additional minutes.

Answering the gentleman from New York, I say: When this Congress passed the act that authorized the TVA to buy out the Commonwealth & Southern you provided then there by law that the Tennessee Valley Authority was the public utility and the only one in this area. The people in this area are dependent upon it. You will find that in every other area of the United States the private utility companies are trying to expand their facilities to meet the needs of the people, just as TVA is trying to do it here. You are saying to people in every other region in the United States that there is no limit, that the private companies have the right to enlarge. But

you are saying to the TVA that in their region alone you are going to take away their right to expand to meet the demand for power in their area.

It is time that you stopped, looked, and listened. As I said before, the supply of electricity in this whole country is dangerously low. We hear a great deal of talk about this 70-group air force and the people sit back and take their ease and think they are secure. But remember that 70-group air force exists only on paper. It will take planes and planes will take aluminum and I venture to say that when you want that aluminum you are coming to the Tennessee Valley area to get it.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. In just a minute.

The TVA is integrated with private power companies, and if by the generation of steam electricity you can make available a whole lot of dependable water power, as you can here, to a country that needs it you can make it so that the power can be used by the other power companies in that region—and there is not one of them that does not need it, and they say—and it is in this record—that they would be glad to have it.

It is said that you ought to let the power companies firm this up. They cannot get enough equipment to have any surplus to firm up this water power. But if they could, the record shows that they can make \$2,000,000 clear profit by firming up this power, selling it at firm rates, buying at dump rates. If you are going to back up the majority of our committee and our efforts to allow the TVA to pay for itself even though it will still belong to us, you do not want to pass up a chance where by building a steam plant you can make an additional \$2,000,000 a year profit, thereby liquidate the Government's investment in this plant at an early date.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Missouri.

Mr. PLOESER. If the private power companies cannot get the equipment to build steam plants, does the gentleman think a municipally owned unit can get the equipment?

Mr. WHITTEN. It is doubtful if any of them are going to get half enough.

Mr. PLOESER. The gentleman did say that the power companies could not get the equipment. If that is true, then TVA cannot get the equipment either.

Mr. WHITTEN. If it comes to a choice of whether it is better to have this one steam plant used by TVA, which has available this water power that will be multiplied by firming up during the dry season, or to provide a steam plant for one of the private companies, I say it is better for TVA to use the steam plant in this time of emergency where by its use additional water power is made dependable. The demand on the power companies is so great that they will be required to use any plants they get the year around to meet their own needs and they will have no surplus plant to use in the summer to firm up this hydro power of the TVA.

Mr. PLOESER. Does the gentleman know of any place in the Tennessee Valley Authority Act where the Congress has decreed it shall be the controlling monopoly power utility in that area?

Mr. WHITTEN. When we permitted the TVA to purchase all other competing power manufacturers in that area, we recognized it is a monopoly and that it is the only supplier of electricity in that valley. That is the situation today.

Mr. PLOESER. The purchase did not preclude anyone from building a power plant down there, did it?

Mr. WHITTEN. No, it does not preclude them, as a matter of law, but, as a matter of fact it has.

Mr. PLOESER. The TVA in its contracts with these municipalities sought to inject itself as a monopoly proposition in the contracts it made with the municipal authorities?

Mr. WHITTEN. That is because we had some folks on the Appropriations Committee and in the Congress of the United States, and rightly so, who demanded that they operate on a sound-business basis.

Mr. PLOESER. Does the gentleman think this is being operated on a sound business basis?

Mr. WHITTEN. The utility business is practically a monopoly. It is controlled by the various rate boards in the States. It has always been a monopoly in this country, and I think it has got to continue that way, else you will have duplication of lines, you will have duplication of facilities, and you will have a tremendously high cost. So we all recognize it can best be run as a monopoly.

With regard to the question raised by the chairman of the subcommittee that it required a municipality to buy all of their current from them, may I ask: Why should they put up a \$100,000 transformer to supply a given town current if the town is going to turn right around and not buy current from them? If that occurred, I would be the second one on this committee to give them the devil, because I think the chairman of the subcommittee, the gentleman from Missouri, would be the first.

Mr. PLOESER. Mr. Chairman, I yield such time as he may desire to the gentleman from Oregon [Mr. ANGELL].

NATIONAL RESOURCE DEVELOPMENT IS THE KEY
TO OUR PROSPERITY AND NATIONAL DEFENSE

Mr. ANGELL. Mr. Chairman, I deem it apropos in the consideration of this bill providing funds for Government corporations to discuss the over-all subject of natural resource development in the United States. I am sure that many of us charged with the responsibilities of protecting the well-being of our Nation here in the Congress are deeply concerned over the apparent misunderstanding of some of our colleagues in the necessity of providing a long-range program for the conservation, development, and full use of our natural resources within the confines of our own United States. We have spent billions of American tax dollars in foreign lands for aid and rehabilitation of war-torn countries and we are now considering a program of large expenditures for expanding our national defense program.

It should not be overlooked that if we are to maintain the front rank which we occupy economically and as a preserver of world peace, we must not overlook the fact that our success will depend upon the full expansion and utilization of our own resources. Foremost among these are the great water resources of the country which not only make available millions of fertile acres to produce food stuffs, but which also provide arteries of commerce so essential to our industry and furnish hydroelectric power without which the wheels of industry would not move and the defense of our country would come to a sudden halt.

The authorized river and harbor construction program includes 200 projects on which work has been undertaken although not fully completed, and 76 authorized new river and harbor projects for which no funds have been appropriated by Congress. The latest estimated cost for completing the construction of these improvements is \$1,830,000,000. Included among the projects that have been initiated is the McNary lock and Dam on the Columbia River, now in an early stage of construction, and the project for improvement of the Snake River, which is in the advanced-planning stage of development.

At the present time there are some 1,200 river and harbor projects now actively in force. The construction activity in connection with these projects includes the maintenance of channels and harbor areas, channel control works, breakwater work, snagging and the operation and care of facilities which have been provided in the interest of navigation.

Since April 6, 1802, when an appropriation of \$30,000 was made for piers in the Delaware River by the Corps of Engineers, the total funds appropriated through the fiscal year 1948 for river and harbor projects in the continental United States, Alaska, Puerto Rico, and the Hawaiian Islands, amounted to \$3,370,000,000.

As you know, the Federal Government has jurisdiction over the improvement and control of navigable waterways by reason of the commerce clause in the Constitution. Under this authority the Government has constructed many multiple-purpose projects, not only for navigation but also for flood control, reclamation, and hydroelectric power. Hydroelectric power is a most important factor in the program by reason of the fact that it brings into the Federal Government revenues from such projects which not only reimburse the Government for the cost of the power facilities, but help to retire the indebtedness for other portions of the improvements, such as reclamation. It has been the policy of the Government, for many years, to retain control over generation of hydroelectric power in such projects, which is a wise one and should be continued. I am a firm believer in private enterprise and hold the view that the Federal Government should not inject itself into commercial operations where private enterprise may carry them forward adequately and successfully. However, it is my view that in these large

river developments which have power development as one of the major factors, the ownership and control over the entire project, including power, should be retained by the Federal Government.

The industrial machine of America runs full speed by reason of our oil, coal, and hydroelectric energy. Our coal and oil supply is expendable, but hydroelectric power will continue as long as the sun shines and the rivers run. We in America would be recreant in our duty if we failed to make full utilization of this immense storehouse of hydroelectric power in order to preserve our front-rank position in production, as well as maintain an impregnable national defense.

I crave your indulgence to review this whole problem of national resource development and its relationship to our national economy and to call your attention particularly to the part the great Columbia River and my own State of Oregon and the Northwest have played in the forward-looking long-range program for the development and utilization of the natural resources of the Pacific Northwest.

The new program for increased air power for national defense recently passed by the House will require for its fulfillment an immense quantity of hydroelectric power for the production of aluminum and magnesium. The Columbia River is the reservoir for potential hydropower in the Nation, containing over 50 percent thereof. There are a number of projects either in the planning stage or under actual construction which should be put in the must category as emergency projects and pressed to completion at the earliest possible time. Foremost among them is the completion of the remaining generators at Coulee Dam, completion of McNary Dam and Foster Creek dams on the Columbia River, Hungry Horse Dam in Montana, and the Snake River dams and some some smaller hydro dams in the flood-control projects in the Willamette Basin. I believe the House made a grievous error recently in cutting down the appropriation recommended by the Bureau of the Budget from \$30,000,000 to \$20,000,000 for McNary Dam, and failing to appreciate the urgent necessity in increasing hydroelectric power by adopting the recommendation made by the Army engineers for a \$40,000,000 appropriation which would permit power from this project to be brought in by the fall of 1953. It is not too late to correct our mistakes with reference to these projects and I feel sure that you will agree with me if you give full credence to the facts I am presenting.

Mr. Chairman, for many years I have investigated the various angles of our national resource problem, and several times each year I have addressed the House on various parts of this problem. Early in 1939, before the European war had started, I first called attention to our serious defense situation resulting from our small supply of critical materials. In May 1940, some 2 weeks before the late President Roosevelt addressed a joint session of both Houses on the need for his declaration of a defense emergency, I pre-

sented a detailed analysis of the Nation's critical material position. The conclusions derived from my 1940 analysis were to the effect that this Nation was not then prepared to fight a modern war because of our lack of modern electrochemical and electro-metallurgical industrial-plant capacity and the resulting materials. Our national experience between Pearl Harbor and VJ-day has confirmed all of these early suggestions. What I then presented to the House is just as applicable today—and more so, since we have discovered the secrets of atomic fission. With the development of the A bomb, our big defense has assumed vast importance.

In 1940 we started the consideration of an expanded air program, and had reached the point where we had set out the required number of planes of various types and sizes, but in so doing we failed to recognize the amounts and kinds of critical materials needed to construct such an array of ships, the energy required to process the raw materials, and the fuels and lubricants needed to keep such numbers in operation. We are going through the same cycle today, without tracing all the requirements back to the basic supply of critical materials, energy, and fuels.

Furthermore, since 1940 we have become the storehouse for the world. In assuming this world supply position I also feel that we have not given the requisite attention to what we are doing to our own resource base. When this is investigated we will find serious depletions.

From time to time I have reviewed and amended my original analysis. Each time that I attempt such a revision I find that the over-all results indicate a compounding depletion condition, which has now become extremely serious. Anyone who has worked on this problem both from a historical and factual viewpoint will be impressed with the lessons of history. These lessons show that nations which have allowed the critical material depletion cycle to continue first dropped from a major world position to a secondary role, and then later became decadent nations. History also shows that when the causes of war are analyzed we will find in the majority of cases the conflicts were nothing more than struggles for the control of critical materials. If we can organize the controls applying to the distribution of critical materials we will have made real progress in outlawing war. Any frenzied nation can start a war, but the ability to successfully wage a war under modern technological conditions depends entirely on the availability of critical materials, and industrial capability. Therefore, it is axiomatic that the only means of preventing or limiting the spread of war is through a tight control over critical materials. Progress toward peace must therefore originate with those nations that can develop the critical materials and have ready access to the materials of friendly nations. The world position of "have not" nations is necessarily weak. Such "have not" nations therefore are not in a position to promote peaceful progress. China is an outstanding example of a nation which permitted its resources to become depleted. In this

condition China has become the prey of scheming nations. The power to prevent or limit war therefore rests in possessing or controlling a majority of the critical materials; keeping control of the sea lanes; expanding industrial production; and maintaining a modern defense organization.

As nations grow and develop, they progress from a solely agricultural status to a combined agricultural and industrial economy. It is only through effective coordination and the balancing of agriculture with industry that a nation can maintain and then improve its standard of living. The expansion of industrialization necessarily requires an increasing volume of critical raw materials and many other resources. Under the natural order, it appears that no nation has been endowed with a full line of critical resources. With technological advances, industry on a world-wide scale is bound to expand. Such an expansion results in the industrial raw-material situation changing from a serious to an acute problem. This is the situation that this Nation now faces, since we have become the world's leading industrial and mass-production nation.

From these brief preliminaries it is obvious that any complete discussion of the critical- and strategic-material situation must fall into four categories, namely: First, our own national-resource base; second, the resource base of potential enemies; third, the requirements of our own expanded industry; and, fourth, the use of industrial power as a means of preventing war. These four elements are not independent or isolated items. Each element is just one component of a huge over-all problem which will take a long period of readjustment to completely solve. It is a problem that does not permit a static approach; it is one that requires long-range development.

Volumes can be written on all the phases of this huge problem, but such an attempt is far beyond the scope of this discussion. Therefore, this discussion must be limited to a brief inventory of our own resource condition, and the needed correction measures, in order to supply continuing facts and to point out the contribution that my section can make toward repairing our weakened foundations. The West is rich in certain types of potential resources, but these resources can never become effective until they are made a part of a quick-moving, dynamic system.

Technological developments are largely responsible for our present resource condition. This same type of development can also be used to provide corrective measures, through the application of electrochemical and electrothermal processes. These processes require large volumes of low-cost power, and there are very few places where such a type of energy can be secured. The past contributions of Columbia River power have demonstrated what can be accomplished through modern electro processing. What is before us is nothing more than the continuation of the modern applications which have been so successful during the past 7 years.

When I started the resource discussions in 1939, only two small generating units were in process of installation at Bonneville, and none at Grand Coulee. During the emergency we saw Congress complete the 10 units at Bonneville and provide 9 units at Grand Coulee. Since that time we have seen the Coulee unit appropriations grow to 15 units, and McNary, Foster Creek, the Willamette, and the Snake River developments authorized. The early foresight of Congress in accelerating the Columbia River power program enabled the Pacific Northwest to contribute a substantial portion of the tools of victory.

Beginning with 1939 we have witnessed wide developments in the fields of electrometallurgy and electrochemistry. The most satisfactory materials for airplane construction became the products of the electric furnace and the electrochemical cell, since the products of the older conventional blast-furnace processes did not have the requisite lightness or strength for the high-speed duty of airplanes and all other types of transportation equipment. Early in these discussions I pointed out that the Michigan automotive industry would not have been possible if the early Niagara electric metals were not available.

COLUMBIA RIVER CONTRIBUTIONS

Mr. Chairman, in September 1940 the first aluminum production in the Pacific Northwest commenced. This was the time when the Vancouver ingot plant of the Aluminum Co. of America began operations. Between that date and September 2, 1945, when the Japanese capitulated aboard the U. S. S. *Missouri* in Tokyo Bay, the two Columbia River plants generated 26,088,000,000 kilowatt-hours for use in the war effort. Seventy-three percent of this output went directly to the following defense plants located on the lines of the Bonneville Power Administration: Five aluminum pig ingot plants; one large aluminum rolling mill; three commercial shipyards; three carbide and alloy plants; three chemical plants; one manganese operation; one metallurgical operation; and the Bremerton Navy Yard. In addition, 13 military and naval establishments received their principal power from these plants. Twenty-seven percent of the total output of the Columbia River plants went to distributing agencies which, in turn, transmitted power to the smaller fabricators. The war plants directly served with Columbia River power represented a plant investment of \$476,151,000 and the estimated value of the products turned out by these plants represented \$6,660,000,000. Of this total dollar value, \$1,876,000,000 represented the production of aircraft; \$3,737,000,000 the production of Liberty and Victory ships, tankers, and baby carriers; \$177,000,000 represented ordnance items; \$2,000,000 communication equipment; \$275,000,000 ingot aluminum; and \$593,000,000 miscellaneous smaller items. At the end of the war period, the total Federal investment in the Columbia River power facilities amounted to \$266,000,000. Therefore, for every dollar invested in power facilities the Nation secured \$25 in defense materials. The influence of low-

cost Columbia River power on the price of these products was very pronounced. For example, in 1939 the current price of aluminum was around 20 cents per pound. When the full influence of the low-cost Columbia River plants became effective, the pound price dropped to around 14 cents. This represents approximately a 30-percent reduction. If we use the very conservative saving of 10 percent in costs, we will find on the basis of these figures that the resulting saving to the Government was around \$2.50 per dollar of power investment.

The above figures do not include the Hanford plant, as the process at that plant is a secret of the highest order. The nearest that we can come to an evaluation of this highly successful plutonium plant is that it represents an investment totaling over \$300,000,000, or in excess of the total then invested in the Bonneville and Grand Coulee power facilities. Stop and think how this Nation would have suffered in the last war without these highly important defense contributions. As a result of the early and wise congressional vision and action, the Columbia River power produced around 40 percent of the metals and chemicals going into the Nation's wartime air program. The remarkable fact in connection with this accomplishment is that these power plants were able to maintain a continuous high-production rate while producing a full financial pay-out, as I fully demonstrated on January 24, 1948, when I appeared before the House War Department—Civil Functions—Appropriations Committee.

COLUMBIA RIVER PAY-OUT

When I appeared before the War Department Subcommittee I fully detailed the power pay-out capability of the two operating Columbia River hydro plants. This demonstration can be found on page 789 of the House hearings covering the 1949 civil functions of the Department of the Army. Therefore, at this time it will suffice to state that since 1940 the Columbia River power projects have deposited in the United States Treasury \$105,000,000 of gross revenue derived from the sale of power. This revenue covers all costs, including interest and amortization and, in addition, has provided a surplus—or additional profit over all such costs—in the amount of \$23,000,000. This was accomplished in a short period. The costs that are covered by this gross revenue include full annual interest charges on the total Federal power investment; the complete annual component of amortization costs to fully pay out the Federal investment in 50 years' time; all replacement costs within the amortization period necessary to maintain the property in 100 percent condition; and all operation and current maintenance costs including what has been designated as a tax equivalent.

The House Appropriations Committee investigators have recently examined the books of the Bonneville Power Administration and the agencies operating the two generating stations. The report of these investigators was recently made public by the chairman of the House Interior Appropriation Subcommittee

and is a source of considerable satisfaction, as it confirmed the position I have taken for the last 4 years covering the pay-out capability of these hydro projects. The investigators' report further stated that the books of the Bonneville Administration were found to be in the best condition of any governmental books they had examined. I cite these facts to show that the resource corrections I am urging can be accomplished on a sound, self-liquidating business basis.

OUR RESOURCE POSITION

On numerous occasions I have called attention to this Nation's low potentiality applied to the following highly critical and essential industrial materials: Asbestos, bauxite, chromium, industrial diamonds, graphite, manganese, mercury, manila fiber, mica, nickel, quartz crystal, rubber, tin, and tungsten. In previous discussion of these deficiencies I have enumerated the industrial use of these materials, all of which are highly important. To further exemplify this importance I will now cite a few facts relative to the metal manganese and its application in the metallurgical manufacturing processes of the steel industry. For 60 years our technicians have endeavored to find a satisfactory substitute for manganese, but have not been successful to date. It takes only a small quantity of manganese, namely, 14 pounds per ton of steel produced, but its importance is so far-reaching that if our manganese supply were cut off it would be impossible to continue the manufacture of steel. Without steel the modern machinery of defense and industry would be nonoperative. For years our principal supply of manganese came from Russia and British India. Since the invasion of Russia, however, we have had to turn to South Africa, Brazil, and Cuba for our principal supplies. When steel production is up to plant capacity the industry requires in excess of 800,000 short tons of manganese annually.

The United States takes nearly half of the world's tin output, but we have not been able to find in this country even a very small commercial deposit of this material. The world's tin supply is controlled by a tight foreign governmentally owned monopoly and by agreements between the few large producing countries. We did not suffer greatly during the last war because of the lack of tin as we were able to develop many substitutes. However, we were not able to compensate for the indispensable use of this metal in bearings, solders, bronzes, and gun metals, and for these uses we depended on friendly countries.

A recent analysis of the antimony, lead-zinc, and copper-ore-supply situation brings out the amazing fact that within the next 10 years we will have exhausted our available high-grade ores. Possibly by 1960 we will also find that we have exhausted our supply of high-grade-copper ores. A few years later the indication points to supply exhaustion of hematite iron ores and petroleum. Late figures prepared by a national industrial conference board clearly set out that this Nation is reaching exhaustion in many highly important defense and

industrial resources. The only major items that this industrial board found that were not approaching the depletion stage were in the fields of coal and potential hydroelectric power. In short, we still have large energy resources which can be used to develop corrective measures.

For years timber has been the No. 1 resource of the Pacific Northwest. The timber industry through a long period of time has supported in excess of one-fourth of the total regional economy. Through these years we have thought that our large forests were inexhaustible. However, surveys and studies by the United States Forest Service tell an entirely different story. Since World War I we have reduced our reserve stock of saw timber about 45 percent. At the present rate of cutting, all privately owned timber will be cut in about 17 years. The timber on public as well as private reserves will be depleted in about 25 years. When this depletion occurs, where will the employment now used in the logging camps, sawmills, pulp mills, and other lumber pay rolls be used? We must stop and think of ways and means of finding replacement jobs. If this is not done, what will happen to our lumbering cities with their large property values? The people of the Northwest can visualize causes and effects when we talk in terms of such a well-known and extensive industry. The same chain of events is occurring in the mining industry. The country is digging out and exporting its industrial base. The solution lies in finding substitutes and synthetics, processing low-grade ores through electro processes, and strategic stock piling.

Going hand in hand with this resource depletion is the continued erosion of our agricultural acreage. Recently our State agricultural schools have estimated that 1 agricultural acre out of every 10 acres is lost for productive uses during a 10-year period. We do not have to look very far to find much evidence to confirm the fact that our entire resource base is undergoing serious erosion.

OTHER STRATEGIC MATERIALS

It has become one custom to consider strategic materials as those necessary for defense which must be procured outside of the continental limits of a given nation. This definition is too narrow, as strategic materials are just as necessary for peaceful commerce as for war, since both activities are becoming increasingly mechanized through scientific development. No list of strategic materials can be considered fixed over any long period of time. Industrially this type of material is generally used in combination with other materials and results in what are called alloys. Mechanization depends largely on alloys, and a developed shortage in one line may induce a shortage in another line of materials.

There are other major and minor materials over those that I have cited which are included in official strategic lists. I will mention a few of these to exemplify what can be done in the field of synthetics and substitutes.

Silk is used to make balloons, parachutes, and powder bags, and, as we

know, our principal prewar sources of silk were Japan and Italy. When these sources were eliminated by war, our technicians were able to manufacture synthetic textiles which proved satisfactory for aerial uses. Current supplies of waste silk and chemically treated cotton gave us our powder bags. A special rare quartz crystal is used in radio control. To date we have found no substitutes, but a developed source exists in Brazil. In time we can develop a substitute through electro processes.

Mica sheets have extensive use for electrical insulation, and come principally from India. Recently synthetic mica sheets have been produced from absorbent clay and ground mica, both of these materials occurring abundantly in the United States. Quinine is another such material, and comes from the cinchona bark grown in the Dutch East Indies—tightly controlled by a Dutch monopoly. We now have the synthetic drugs atrabine and plasmochin, which are effective in the majority of malarial cases and can be substituted for quinine. Coconut shell char was formerly considered essential for gas mask fillers. Recently effective chemical and charcoal fillers have been developed.

We are all familiar with the success of the war-developed synthetic rubber program, and the progress made in the development of synthetic liquid fuels and lubricants. Although there is room for improvement in the processing of such major volume commodities, the progress has been so substantial as to provide the incentive to develop synthetics in other strategic fields.

SOLUTION OF RESOURCE DEPLETION PROBLEM

At this time, considering our own depletions, this Nation must depend on foreign sources for many of the necessary critical materials. From time to time we will find that importations will be progressively restricted, reduced, and then cut off. When this stage of the trade cycle is reached, we will then find this Nation drawn into an economic conflict. From this point on, the whole matter will become one of defense, involving a comprehensive program of preparedness. Before the Nation reaches the last-mentioned condition we must set up a sound program designed along specific lines, with emphasis on those parts involving long term objectives. We should make a substantial start at an early date.

Mr. Chairman, it would appear that resource corrective measures can be classified as follows:

First. Prospecting discovering, and exploiting all possible new domestic material sources.

Second. Developing methods of utilizing the lower grades of raw material in order to make properly located raw-material supplies immediately available. This type of development is one that must be built around an adequate low-cost energy supply.

Third. Encouraging the development of domestic production of synthetic products. This, again, will largely rest on adequate low-cost supplies of power.

Fourth. Planning and developing the production of alternative and substitute

materials. Again, this is an element which must rest on a solid energy base.

Fifth. Building up and maintaining reserve stock piles. These stock piles should only be used when other sources fail, and in the interim during which new sources are being rapidly developed. During the past 2 years, as the result of heavy commercial demands, our aluminum and other metal stock piles have been exhausted.

Sixth. Making arrangements to increase available supplies in friendly foreign countries that can be transported over sea lanes which can be maintained at all times.

Seventh. Reclaim for use all critical scrap obtainable from industrial, consumer, and governmental sources. This, again, involves the use of electro processes.

Eighth. Conserving existing home supplies by changing operating methods.

Ninth. Controlling exports by licenses, and then later establishing limited priorities and consumption curtailment when all other methods become ineffective.

It will be seen from these classifications that our major future potentialities largely rest on a substantial energy foundation for the large-volume critical materials principally used in the heavy industries, engaged in mass production. All items affecting the proper development of a substantial air program fall within this category. We simply cannot develop and maintain an adequate atom defense without large supplies of low-cost power. This fact cannot be overstressed if we are to maintain security.

In order to relate such large-volume critical materials to the energy base I will now specifically discuss a few of these principal items.

LIGHT METALS INDUSTRIES

In this category fall aluminum and magnesium. Both occur more abundantly on the earth's surface than any other materials, but they are so mixed with other adulterating materials that processing is difficult and complex. Both types of material can only be reduced commercially by electro processes, and such large quantities of power are required in this processing that these metals are often called frozen kilowatts.

These are the metals of the future, and will be increasingly used to supply deficiencies in other metals. The use of these materials represents an increasing horizon, and the outlook seems to be unlimited. No nation can build or support an adequate air program without full control of all parts of the light metal industry. Light metals depend entirely on low-cost, large-volume power. Other metal deficiencies make the outlook for aluminum use brighter year by year, and these prospects will be shared by the more youthful magnesium industry. The principal contribution of the Pacific Northwest will come in this field, and these operations will assume year by year a greater proportion of the over-all economy of the region and the Nation. The outlook for light metals in the next decade will depend entirely on the availability of adequate and proper supplies of energy. The relative postwar expansion of aluminum exceeds all other materials. In

1947 the aluminum industry was producing and selling four times the highest prewar poundage. More could be produced and sold if sufficient power were available, since we have depleted a large stock pile to meet consumption.

Before the war, half of the primary aluminum production was fabricated into sheets. This type of product has encountered sharp use increases due to development of multiple economic uses and the extremely short supply of steel sheets. Commercially, the use of aluminum is young compared with iron, steel, lead-zinc, and copper. This country's war-time expansion of aluminum ingot capacity was sixfold. In terms of volume use, aluminum has now passed copper and is next only to steel.

In 1930 the United States annual production of primary aluminum was 114,500 short tons. In 1939 this production increased to 163,545 tons. Due to inadequate early power planning before Pearl Harbor the Administration found it necessary to undertake the Shipshaw Canadian project and import some 650,000 tons of Canadian ingot. The maximum estimated war peak aluminum demand was around 1,750,000 tons, but this was not realized due to inadequate power supplies. This condition caused the armed services to curtail necessary aluminum uses to preserve metal for the air forces.

Our previous short-sightedness also caused us to rapidly expand our ingot aluminum production capacity to over 1,000,000 tons, largely at the taxpayers' expense. Such rapid expansion resulted in building commercially unfeasible plants, not usable in the postwar period. As a result, approximately 450,000 tons of federally owned ingot plant capacity is now either shut down permanently or cannibalized. The United States peak year wartime ingot production amounted to 920,179 short tons. To this must be added the Canadian importations to secure the total peak amount used. Today all aluminum ingot plants that can be operated are in full production, turning out aluminum ingots at the annual rate of 600,000 tons. Forty-seven percent of this production comes from the Pacific Northwest. Nonmilitary aluminum demands under the most conservative estimates will reach 1,000,000 tons by 1952, which represents an increased need for 800,000 kilowatts to process ingot alone. To this must be added, say, 200,000 kilowatts for alumina production and fabrication. If we then add, say, 250,000 kilowatts for expanding air force requirements we arrive at the early need for 1,250,000 additional kilowatts, which is some 30 percent in excess of the ultimate development at McNary Dam site. If this Nation is to preserve its critical material economy, it must immediately plan additional self-liquidating large-volume, low-cost power sources.

Careful extended estimates point to a national aluminum consumption of around 2,100,000 tons within the next 15 years. This figure is predicated upon average economic conditions, and may vary upward or downward about 30 percent depending on the economic climate in the intervening years. The average additional power requirements to meet

such a demand would be about 3,000,000 kilowatts, or the equivalent of four McNary projects. We must realize, in thinking in these terms, that an adequate air defense against the atom bomb is going to require large volumes of power such as can be developed on the Columbia. Such a power supply is a vital link in the atom chain.

The industrial use of magnesium is in the development stage, and since it is the lightest of all metals, the future—under diminishing supplies of other metals—is also extremely bright. Magnesium occurs in nature in compounds which exist in ores, subterranean brines, and sea water. Extensive primary sources of this metal occur in the Pacific Northwest. The extraction of the metal is entirely an electro process which also requires large volumes of power. Magnesium, when alloyed with small amounts of other metals, acquires more strength per pound than any other known metal.

The industrial use of magnesium is very new. Aluminum is also a new metal, but industrially it is over twice the age of magnesium. When we compare the outstanding characteristics of magnesium with the 2,000 years of history behind the metallurgy of iron and steel, we can readily see how the uses of magnesium will rapidly multiply when scarcity develops in other metals. The domestic market for magnesium is still small, but is expanding. It is a conservative prediction that within the next 15 years the market for magnesium will reach 150,000 tons, compared with the present market of approximately 20,000 tons annually.

The existing Spokane magnesium plant is being held in reserve stand-by condition by the War Department. This plant took, during the war, 55,000 kilowatts to produce at the rate of 24,000 tons annually. Therefore 150,000 tons would take approximately 350,000 kilowatts. The introduction of the modern jet engine in aircraft will greatly increase the need for magnesium, as more than 40 percent of the weight of these new engines will consist of magnesium castings. The extraction of magnesium from sea water has prospects of producing the lowest cost magnesium, and future plants will therefore most likely be of this type.

PETROLEUM RESERVES AND CONSUMPTION

Mr. Chairman, a recent analysis made by the American Petroleum Institute indicates that the existing proven petroleum reserves as of last year amounted to 21,900,000 barrels. In the past, increasing discoveries of new fields were adequate to take care of consumption increases. However, the new discovery rate is now rapidly dropping. Ten years ago new discoveries represented a rate of 930,000,000 barrels annually. Recently new discoveries have dropped almost to the vanishing point.

In 1947 the United States annual rate of petroleum consumption exceeded 2,000,000,000 barrels, which is more than the world-wide prewar consumption. The per capita United States consumption of petroleum products increased from 370 gallons in 1938 to 608 gallons in 1947, or an increase of 65 percent.

There are no indications that the present consumption rate will stabilize

within the next 5 years, but it will probably increase. This Nation now has only about 30 percent of the world's known petroleum reserves, and our domestic consumption is nearly two-thirds of the world's production. During the past winter the effect of oil shortages suddenly became very pronounced, resulting in distress calls from many sections of the country. Our present petroleum demand exceeds the war's peak consumption. I feel that this serious petroleum situation should receive vigorous and early attention. We cannot maintain an adequate air force if we allow our petroleum reserves to vanish.

It is no wonder that Arabian oil is now receiving major international attention. The stated proven reserves in the Middle East are 25 percent higher than the total like United States reserves. Surveys indicate that the Middle East oil reserves will probably exceed those of the United States by 50 percent. Geophysical soundings and surveys indicate that the greatest existing oil pools lie in Russian territory. Russia's supplies of critical materials are not fully proven, but what knowledge we have clearly shows that the vast Russian reserves of all kinds of critical materials have been largely untouched. Russia today—from a resource standpoint—is about in the same reserve position that this Nation occupied a century ago.

Our usable oil-refining capacity is now being operated at the highest possible rate and on a very efficient basis. The oil industry is making every effort to expand refining facilities to keep abreast of increasing domestic demands. In this atomic age, all our defense arms move on petroleum products. The preservation of our national security therefore rests upon an adequate petroleum base. With consumption doubling, new discoveries dropping 75 percent in 10 years, and reserves being depleted, it is apparent that this Nation is rapidly drifting into a very insecure liquid-fuel position. One of the important corrective devices in this field lies in the utilization of other energy sources. The most efficient power plants of the country produce about 550 kilowatt-hours per barrel of oil, but 500 kilowatt-hours per barrel is a conservative round figure representing the best present average practice. One kilowatt-year of hydro-power is therefore equivalent to about 14 barrels of oil, but when we add the incidental transmission losses we will find that 1 kilowatt-year will represent about 15½ barrels of oil. Some of the older generating plants in the Pacific Northwest only produce 300 kilowatt-hours per barrel, or 23 barrels per kilowatt-year.

The potential high-quality power located on the Columbia River and its tributaries represents about 20,000,000 kilowatts. Of this amount 18,500,000 kilowatts are now flowing to the sea unused. If this oil-replacement energy were developed, the oil saving would be, in round numbers, 290,000,000 barrels per year, or about 95 percent of the total European oil consumption, or close to one-quarter of this Nation's prewar consumption. The 15-unit completed Grand Coulee plant is equivalent to a

saving of 28,000,000 barrels of oil annually. When the McNary plant is completed, the oil saving due to this one plant alone will represent close to 16,000,000 barrels annually.

The existing steam generation in the Pacific Northwest is about 275,000 kilowatts, and when this capacity is running to meet low-water conditions 5,000,000 barrels of oil will be consumed; 5,000,000 barrels at \$2.50 per barrel represents \$12,500,000 annually. The potentiality of the undeveloped proposed Columbia River plants as an oil conserver is enormous.

RELATED IRON METALS

Included in this industrial classification are stainless steel, steel castings, ferro-alloys, electrolytic iron, and electrolytic manganese. There has been little development in the Northwest in this field save for those items directly associated with electro processes. In the conventional lines the past production in the Northwest has been lower than the home consumption.

The conventional fuel-furnace types of iron industries represent a large cross-section of our over-all national industrial set-up. These industries, together with their dependent industries, namely, the automobile, machinery, and equipment industries, use nearly half of this Nation's fuel production and one-quarter of the Nation's power output. As the availability of high-grade ores decreases over the next 15 years we will find this industry turning more and more into the direction that the light-metal industry is now advancing. The power requirement of such a transition will ultimately exceed the requirements I have detailed for the light-metal industry. This industry has many ramifications, but my investigations indicate that the early new power uses will come in the fields of stainless steel, electric-furnace alloys, electrolytic iron, and electrolytic manganese. The power requirements of such a transition in the next decade applicable only to the Pacific Northwest will range from 130,000 to 215,000 kilowatts. Due to the weight of such products, manufacturing locations will be defined by available markets.

OTHER ELECTRO INDUSTRIES

Time will permit only the briefest discussion of the resource correction power requirements of the following types of industries:

First. Nonferrous metals industries.

Second. Nonmetallic industries.

Third. Electrochemical industry.

The nonferrous metals, which include zinc, lead, copper, and antimony are found in the Pacific Northwest in various types of ores. As the better grade ores are mined out, this industry must turn to electro processes to handle the lower grades. Such reduction also requires substantial amounts of power. In these fields the resource correction power feasible for installation in the Pacific Northwest in the next decade will range between 200,000 and 330,000 kilowatts.

The principal industries included in the nonmetallic group include cement and abrasives. The cement industry cannot be strictly designated as an elec-

tro industry, but its processes require large quantities of mechanical power. This industry normally consumes between 2 percent and 4 percent of our national power output. The general industry expansion of other lines in the Pacific Northwest will result within the next decade in expanding cement power requirements ranging between 20,000 and 40,000 kilowatts. The abrasive industry has just recently established its initial plant in the Pacific Northwest. This type of industry feasible of development in the Pacific Northwest within the next decade will require about 15,000 to 30,000 kilowatts.

The electrochemical industry is one with extremely large possibilities in the fields of phosphorus, sulfuric acid, chlorine, carbon, and rayon as substantially all the basic raw materials are available in the Pacific Northwest in large quantities. These types, when combined, also require large amounts of power, and within the next decade the power requirements of this type of activity applicable to the Northwest will range between 350,000 and 750,000 kilowatts. The largest part of this power application will come in the fields of phosphate and fertilizer on account of the extremely large deposits of the base material located in the Northwest. Ultimately all our national agricultural activities will depend on the extensive Northwestern deposits.

AGRICULTURE AND FORESTRY

Approximately 52,000,000 acres, or one-third of the total land area of the States included in the Pacific Northwest, represent all types of farming acreage. The land actually used for crops represents 34 percent of this total, the remainder being used for range land, pastures, woodlands, roads, and homesteads. To balance industrial population increases, some two million to three million additional acres must be brought into production within the next decade. This additional acreage must largely depend on irrigation and drainage, and a substantial part will be dependent on power for pumping. Food processing will also increase power demands. Conservatively, all agricultural uses will in the next decade call for 150,000 to 200,000 additional kilowatts.

The Pacific Northwest is the largest timber-producing section in the country. The total national softwood lumber production runs about 20,000,000,000 board feet; of this amount, 45 percent comes from the Pacific Northwest. About 95 percent of the national shingle output comes from the Pacific Northwest; also 20 percent of the paper pulp; 97 percent of the Nation's plywood; and 50 percent of the wood laths.

As timber reserves diminish, the use of power will increase as wastes become more valuable commercially. Within the next decade such power additions in the Northwest due to timber operations will conservatively range between 250,000 and 450,000 kilowatts.

NORMAL GROWTH POWER REQUIREMENTS

Mr. Chairman, on January 6, 1948, all the power-distributing agencies in the Pacific Northwest agreed upon the normal regional power needs over and above all presently contracted generating

units. These confirmed estimates show normal load power deficiencies by years as follows:

	Kilowatts
1949-----	356,000
1950-----	587,000
1953-----	924,000
1956-----	1,607,000

In listing these requirements I have made allowance for Grand Coulee units No. 13, No. 14 and No. 15, recently initiated, authorized, and covered by appropriations. I have corrected the Tacoma agreement figures accordingly. These generation deficiencies cover only normal residential, rural, and commercial increases, and exclude all additional military requirements growing out of the Air Force expansion activities. They also exclude all resource correction requirements which I have covered in my discussion today.

I have purposely omitted any discussion of highly secret new power additions which must go to the Pacific Northwest under existing conditions. These additional requirements will start with the need for about 300,000 additional kilowatts by 1950 and will increase to about 900,000 kilowatts by 1956 or 1957. This item is over and above all power increases that I have cited.

I wish that time were available to outline what Russia is doing to expand its resource base. It will suffice to say that Russia is rapidly developing bulk hydro power to form the foundation of an all-out electro industry, which will be usable for modern military effort, when they have mastered the production of the atom bomb.

POWER REQUIREMENTS FOR RESOURCE CORRECTION

All of the cited power resources correction figures, plus the military uses which I have outlined, normal growth, and accessory needs including transmission losses, add up to some 8,500,000 average kilowatts as needed within the next 15 years. This amount of power is equivalent to less than 50 percent of the ultimate potential of the Columbia River. In presenting these facts I am not urging that all these facilities be located on the Columbia, as I know that other considerations must—and will—govern. However, it is obvious that if a considerable amount of the basic mass production power is not developed in the Nation, the electro processing will be diverted to foreign countries which are rich in low-cost hydro potentials, such as Canada, Scandinavia, and South America. All of these cited resource-corrective devices represent new basic industries, and do not take away existing industries from other sections of the country. The basic raw materials produced by Columbia River power will go to the eastern, southern, and midwestern sections for fabrication. For example, Alcoa has recently constructed a large rolling mill in Iowa to fabricate Columbia River aluminum ingots, and investigation shows that the Columbia ingots go to some 800 different locations for processing.

The corrective power required by 1952 will total about 5,000,000 kilowatts, over and above normal load increases resulting from population increases and normal commercial activities.

Every section of the country is short of power, due to material curtailments during the war years. To overcome these normal shortages the private power industry is planning generation increases totaling between 12,000,000 and 15,000,000 kilowatts in the next few years. Most of this increased capacity represents high-cost steam power which is not commercially feasible for use in resource correction, but is the kind of power that can be efficiently used in the home, on the farm, in stores and in those fabrication industries where power represents only a small portion of the over-all cost of the product. In the basic critical material industries, where power is a large part of the over-all product, cost, resource power must be sold at a price less than half of the best steam cost or lower, in order to meet world competition. Therefore, resource correction power must come from high-grade hydro, located within economic distance from the source of other raw materials.

At this point I wish to add an observation applying to the resource correction figures I have submitted. The only way in which it is humanly possible to judge any future occurrence is through a proper and adequate extension of past experience. This is the approach used in this discussion. Obviously, it should be stated that such an approach has limitations, especially when past occurrences cover short periods. To make such an analysis completely conservative I have used mean values in reaching a total of 8,500,000 kilowatts. To these value a "tolerance allowance" can be applied. Investigations indicate that such a tolerance is possibly in the neighborhood of 30 percent in either direction. On such a basis the most probable minimum resource value would be the stated mean values, less some 30 percent. Such an irreducible minimum greatly exceeds what has been considered by the Congress for new projects to be located on the Columbia and elsewhere, and it is safe practice to start with this ultraconservative base for the purpose of outlining immediate needs. Such a start will necessarily have to be modified from time to time in the light of continued experience. This can be done, in my opinion, without creating an unwise or inefficient set-up. I will therefore now present conservative suggestions for early hydro construction on the Columbia.

ADDITIONAL GENERATION

Eight Army projects have been authorized for the Columbia and its tributaries, and four for the Bureau of Reclamation. Present proposed construction schedules for these projects will give the following self-liquidating peak load rated capacities in the period shown:

Period	Army projects	Bureau of Reclamation	Total
	Kilowatts	Kilowatts	Kilowatts
1950-51-----		339,000	339,000
1951-52-----		216,000	216,000
1952-53-----	50,000	123,000	173,000
Total-----	50,000	670,000	728,000

During these same years the following power deficiencies will occur under these schedules, excluding all cited military, defense, and critical material power loads which I have presented in this discussion:

<i>Year and shortage</i>	<i>Kilowatts</i>
1950-51-----	328,000
1951-52-----	515,000
1952-53-----	253,000
Total-----	1,096,000

It is therefore obvious that present generator schedules will not prevent a shortage in the required supply to meet the needs of existing customers, to say nothing of any kind of defense or critical material expansion.

Moreover, the recent budget submissions to the Congress will even slow down the projected schedules, so that a year's delay over the dates I have given will result, even if Congress appropriates up to the full budget submission. Unfortunately, the War Department civil functions bill went through the House with cuts approximating one-third of the budget requests. This will result in another year's delay in the proposed schedule.

It is therefore obvious that at the rate construction on these projects is progressing, curtailments will be necessary in a low-water year, and not a single kilowatt will be available for the defense or correction measures that I have outlined in this discussion.

Mr. Chairman, in view of the foregoing I feel that it is necessary to suggest that the following minimum action be taken to remedy a situation that cannot be permitted to continue:

First. Accelerate all possible those projects which provide upstream storage, like Hungry Horse and Albeni Falls. The latter project has not been authorized but can quickly provide around 1,000,000 acre-feet of storage, which in turn, will give at the site and in the downstream plants 100,000 additional kilowatts by the critical period of 1951-52. Hungry Horse, with its 3,000,000 acre-feet of storage, must be accelerated by 1 year over present submissions, which call for the first generating unit by 1952.

Second. The present schedules for the McNary project call for three units totaling 207,000 kilowatts by 1953-54; four more units in 1954-55, totaling 276,000 kilowatts; three more units in 1955-56; and the remaining two units by 1956-57 peak period. Additional appropriations will be necessary to advance this schedule by 1 year. This is highly important, as this project is located close to the areas of indicated deficiency. When I appeared before the House committee I detailed the reasons why this recommendation is in the public interest.

Third. The Foster Creek schedule calls for three units totaling 192,000 kilowatts by the critical period of 1954-55. This is also a highly important installation, and the generator schedule should be advanced 1 or 2 years, depending on the early completion of the necessary plans.

Fourth. The remaining units at Grand Coulee, namely, Nos. 16, 17, and 18, should be so advanced as to be in step with the

additional storage to be provided at the upstream plants.

Fifth. The Detroit, Ice Harbor, and Lower Monumental projects of the Army engineers should also have their proposed schedules advanced by one or two years. The Detroit Dam, located on one of the tributaries of the Willamette River in Oregon, is well under way but the power features have yet to be authorized. Ice Harbor and Lower Monumental projects are a part of the authorized Lower Snake River navigational development.

Sixth. The Bureau of Reclamation has four projects being constructed or blueprinted in Idaho, and two small projects in the Yakima Valley, Washington. The power units on these projects should also be accelerated in order that their schedules can be worked into the regional load requirements.

CONCLUSION

One of the most important matters now before the Congress is the expansion of the Nation's air forces. We have talked all around this subject but have failed to show how we can secure the requisite metals and fuels for such an expansion. What I have suggested today for immediate minimum action is governed entirely by the legislative history of pending projects. These suggestions fall far short of meeting this Nation's metal and liquid fuel defense requirements. What I have presented clearly shows that the fundamentals of this large problem need closer examination than has been given, if we are to rebuild our defenses on an enduring, safe foundation.

(Mr. ANGELL asked and was given permission to revise and extend his remarks.)

Mr. MAHON. Mr. Chairman, I yield 15 minutes to the gentleman from Tennessee [Mr. GORE], a member of the subcommittee.

Mr. GORE. Mr. Chairman, it has been a pleasure to work with the chairman and the other members of this subcommittee, including the clerk of the committee. We have had extremely sharp points of difference between us upon numerous questions, but upon no occasion has there been any evidence on the part of anyone of even a frayed temper. Many of our differences have been resolved. Of course, those of us on the minority side of this subcommittee do not yet find ourselves in full agreement with a number of points.

However, in most cases we have yielded to the will of the majority and they, in turn, have yielded to some extent to the opinions of members of the minority. One point of difference, however, we cannot resolve. It must come to the Congress to be settled, and that is the proposal to build a steam plant at New Johnsonville, Tenn., by the TVA.

When the general debate shall have been concluded I will offer an amendment to restore to the bill the \$4,000,000 required. I might say further that in the event it is not agreed to in the Committee of the Whole I shall seek to offer it as a motion to recommit. This is a vital problem. This is an important

problem. If the forces which seek to place a lid on the development of this great area of America are successful in this instance it will, in my opinion, be but the first step in their determined effort to hamstring public power development throughout the United States.

Perhaps no major commodity has seen such an increase in demand and use as has electric energy. Those who in the past have undertaken to estimate the needs of the future for electric energy have, almost without exception, erred on the side of underestimation.

Let me give you a few facts. The history of electricity in the United States shows that its use has doubled almost three times since 1920. For instance, in 1920 the entire country used 39,000,000,000 kilowatt-hours. By 1928 that had increased to 83,000,000,000 kilowatt-hours. In 1941 we used 134,000,000,000 kilowatt-hours. Last year we used 255,000,000,000 kilowatt-hours. So far, the use of electricity in 1948 has exceeded greatly the use of electricity in the same period of 1947. The indications are that we will use more than 280,000,000,000 kilowatt-hours this year.

From one end of the country to the other there is one phrase that has a familiar sound: Shortage of electricity. Everywhere the demand is pressing the ceiling of supply until, as the gentleman from Mississippi said, the Federal Power Commission estimates that we have two-tenths of 1 percent reserve above that that is being used. Compare this with a reserve of 25 percent before Pearl Harbor.

What plans are there to meet the growing needs of the country? Well, throughout the United States additional generating capacity is being installed, built, and plans for much more are under way. It is my privilege to serve on the Interior Department Subcommittee. There I have heard the story of the great public power agencies of the West. They, too, are increasing their installed capacity. They, too, are asking for increased capacity. Vast installations are being made.

What is the experience of the private power industry? Everywhere they, too, are meeting demands which are testing to the fullest their capacity. It has been cited here that the private power industry plans to increase its capacity by \$5,000,000,000 within the next 5 years. Compare that with a present total investment of \$15,000,000,000, and you will find what a great comparative increase they seek.

What is the story in the TVA region? There, too, demand has increased, only there it has increased phenomenally. The people are using more power in their homes, on their farms, and in their industries. When we began, only 1 farmer in 28 in the entire Tennessee Valley had electricity. Today one out of every two farmers has electricity, and the percentage would be more favorable were it not for the fact that during the war the building of electric lines was retarded because of the scarcity of materials. But the story has not ended, make no mistake about it. Five thousand new farmers are receiving electricity every month now in the Tennessee Valley, and just as

surely as the farmers of other regions of America are demanding and are getting and are going to get added REA lines, so are we. Within the next 5 years, plans are under way to almost completely electrify the valley. We are still behind much of the country. Some States have 90 percent of their farms electrified. We are beginning to catch up, and we are going to stay on the trail.

Now let us take a look at the residential use of electricity. I am talking about the American home. From 1945 to 1947 the annual residential use of electricity in the TVA system increased by 60 percent, rising from 900,000,000 kilowatt-hours to approximately 1,500,000,000 kilowatt-hours, and every month this load goes up. More and more women are leaving the back-breaking scrubbing board, casting aside the old corrugated washboard and cleaning their clothes with electric-washing machines. More and more have electric irons. More homes have refrigerators to preserve their food. I think that is an encouraging sign.

Also, the commercial and industrial loads have increased, but not as much percentage-wise as farm and residential use.

When we add these increased demands together, we find that the immense generating capacity of the TVA, like that of the private-power industry, like that of other public power agencies, is being sorely tested to meet the demand.

What are the indications for the future? The combined total indicates that by 1951 or 1952 or maybe sooner, we either must have additional generating capacity within the area, or brown-outs will be our fate. Just as private-power agencies and just as other public-power agencies have plans for increasing their generating capacity, so has the TVA. Were it not so, the TVA would have to confess failure, first in its basic purpose of integrated development of the valley, and secondly, to prudently plan for the future in the face of these facts. So the TVA comes forward, as does the budget, with a plan for increasing the generating capacity of the TVA system. Included in that and as a vital part thereof is the building of a steam plant at New Johnsonville, Tenn. Unfortunately, the majority of this subcommittee eliminated this item from the bill. It is for the purpose of restoring it that I will offer the amendment.

The proposed steam plant, plus additional hydroelectric units, is proposed by the TVA to meet normal peacetime loads alone. This additional generating capacity is needed. The urgent need is incontrovertible.

What did the subcommittee do after striking it out? They came forward with their own plan for meeting the needs of this important area, an area, mind you, of 80,000 square miles comprising portions of 7 States in which live more than 5,000,000 Americans. What is this alternative that the majority members of the Committee on Appropriations offers us? Look at the report. There you will see revealed their plan. They propose that the TVA stop selling electricity to industry. When the suggestion was first offered, I thought that it was so

preposterous that it would not be taken seriously. Now that it threatens to become a stark reality, I find it abhorrent. It seems to me utterly incredible that the same Congress which so recently enacted the Marshall plan, which I applaud, the same Congress which is now undertaking such vast expenditures to rebuild the industry of our recent enemies, Germany and Japan, would undertake to apply a Morgenthau plan for the future industrial development of the Tennessee Valley. Not only for the future industrial development, but they propose that TVA quit selling power to existing industries in the valley. Surely, surely, the loyalty and the aspirations and contributions to the Nation of the people of that great region deserve more considerate treatment.

In taking this position, the committee points out that under the TVA Act, there are preferred customers, the farm co-operatives, and the municipalities, overlooking the fact that in the TVA Act the Federal Government reserves for itself priority, even about that given local agencies. The committee denies that this publicly owned utility has any responsibility for customers other than the preferred customers set out in the act. Indeed, they deny that this utility, which is the sole supplier of electricity for the region, has responsibility for supplying the needs even of the preferred customers.

Although they deny responsibility for meeting the demands of these preferred customers of the valley, they proceed to say, nevertheless, that all of the demands of the cooperatives and municipal systems can be met in the foreseeable future if TVA will just quit selling electricity to industry. Poor comfort though this would be, if true, this statement of the committee, which was also urged by the private utility lobbyists, does not conform with the facts. For one reason, the committee has overlooked the existence of Federal agencies within that area. They overlook that TVA is furnishing power to the Huntsville Arsenal, the Smyrna Air Base, the TVA Chemical Laboratories, and the Oak Ridge atomic-energy plant. Would the committee stop those Federal agencies from receiving power from TVA, another Federal agency? Of course the atomic-energy plant at Oak Ridge was not set up as a preferred customer when the TVA Act was passed 15 years ago. But who can deny that it is a preferred customer now? If not by the TVA Act, then by subsequent acts. The Congress appropriated the money to build the Oak Ridge plant in the TVA area. The Congress did another thing. It authorized the creation of the War Production Board and gave to it authority to tell, not only public agencies, but private agencies, to whom they would give materials or power. The War Production Board said to the TVA:

You must furnish power to the atomic-energy plant at Oak Ridge.

Indeed, it had the highest priority for both materials and power existent under the priority system. Now, would you say that is not a preferred customer? Such a statement just would not meet the test

of common sense. Surely, the committee would not deny power to the Federal agencies served by the TVA. And, yet, it is that premise that the committee report contends that preferred customers use only one-third of TVA power, and, therefore, contends that all preferred customer needs can be met if industrial users are cut off. I want to point out a fallacy, not only in the committee report, but a fallacy and a misleading statement upon which it was based, given in testimony by the private power lobbyist. The committee report said, and now today the gentleman from New York [Mr. COUDERT] says, and also Mr. Purcell Smith, the highest paid lobbyist in the world, for the power companies, said that preferred customers use only one-third of the electricity generated by TVA.

Now, let me show you a chart that Purcell Smith presented before the committee and put into the record. Here is his chart. I want you to see this. According to this chart, here is the preferred customers, which, according to his chart, represents about one-third of the energy generated by TVA. Now, when you add the Federal agencies which are also preferred what do you find? Last year you find that the energy used by the real preferred customers is substantially more than shown by this chart of Mr. Smith.

Instead of it being one-third used by preferred customers, including Federal users, it is more nearly two-thirds. So the answers to our needs are not to be found here.

Now let us turn to the power supplied directly to industry. This power is in part secondary and interruptible and, therefore, it is not usable by nor salable to the REA's and municipalities. They want firm power. They want the kind of power that will be available any time and all the time. They want their lights to turn on when the switch is flicked, whether it is at 6 o'clock in the morning or 6 in the afternoon, or whether it is day or night.

True, some of the power sold to private industry is firm, but where is there an industry, a large industry, that will buy this kind of secondary, interruptible power unless they can have at least enough firm power to keep their plants in partial operation when interruptible power is turned off?

I should like to point out one other thing that developed during the war for which the TVA is now being lammed over the head. The aluminum companies in that area were told by the War Production Board not only to step up their production by avoiding interruptions in the operations of existing capacity, but they were told to add additional production capacity. And what was TVA told? They were told to supply 120,000 additional kilowatts to Alcoa alone. They did so. The aluminum company quite naturally contended that if they were to invest their money in additional capacity they would like for this contract for power supply to run for at least a reasonable time. Out of this and similar situations grew long-term contracts between the TVA and private industry.

Why now, I ask you, should those private industries which employ thousands of people in those plants, or the TVA, be criticized or condemned for this?

Aside from the ruinous effect upon the valley of such an unfortunate policy as proposed, the fact looms up that even though energy were denied these direct industrial users we would still be faced with an impending power shortage. The committee plan would not answer our need; it would only postpone the necessity of a steam plant for 2 years if we cut off the industrial consumers entirely.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. GORE. Mr. Chairman, I yield myself five additional minutes.

Mr. Chairman, the people of the Tennessee Valley ask no alms. I am not embarrassed nor is any representative of the people of that valley embarrassed to ask for this additional generating capacity. We ask only that this utility, owned by the people, serve us adequately just as the people of any other area of America served by a utility system ask and demand that the area and the needs of the people be adequately met. Not only does the Federal Government but the 48 States have agencies a part of the duties of which are to insure that utilities, water, electric, telephone, or transportation, adequately serve the people within their service area. In this respect, we are no different from any other people. The fact that the Government owns this utility does not, it seems to me, as the gentleman from Mississippi has said, alter the fundamental obligation, even though the committee deigns to deny this utility has any such responsibility. Whether this Congress believes in public power or not, whether this Congress believes that the Government should own a utility or not is a moot question. Facts speak louder than words.

The TVA is an established fact. The gentleman from New York asked if the Government has any right to own a utility. Well, it does. The TVA is the largest integrated utility in the world and serves a vital part of America and is owned completely by the United States Government.

If this were a losing venture, if the rates were insufficient to make of this operation a financial success, then there would be some degree of embarrassment for those of us who are served by the agency to ask its owners, represented by this Congress, to augment its development. Such, however, is not the case. The TVA has been a phenomenal success not only in the matter of the service it has rendered but from the strictest and narrowest dollar and cents standpoint.

In the last fiscal year the TVA earned a net profit after depreciation of more than \$20,000,000. All of these earnings belong to the people of the United States of which the constituents of the gentleman from New York [Mr. COUDERT] are a part.

How is it, the gentleman asks, that his taxpayers are called upon to subsidize this area? They are not. Last year

on the investment which his people and my people alike have made in TVA more than a 5-percent return, after depreciation, was earned. The Government borrows the money at 2 percent, or thereabouts, and earns approximately 5 percent. How is that a losing proposition? How is it that the people of New York are subsidizing this area?

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. GORE. I yield to the gentleman from Missouri.

Mr. PLOESER. I just want to observe at this point that the gentleman should recognize that the yardstick which he is laying down for actual costs is the yardstick laid down by TVA itself.

Mr. GORE. And approved by the Congress.

Mr. PLOESER. Well, in degree—only in degree. We have never had a judgment on the evaluation and division of the investment and the acquisition of assets. I do not think that the gentleman can take as an absolute yardstick the figures he has given with reference to earnings and profits. It is all right to assume that for the sake of the argument he is making, but it is an assumption and there is not anything well grounded on which he can base it.

Mr. GORE. I am not speaking on assumptions, I respectfully say to the gentleman, I am speaking of facts.

The committee, of which the gentleman is chairman, has submitted a report to this Congress in which it is stated that \$440,000,000 have been invested by the American people in the power system of TVA. With that statement I am in agreement. However, it must be recognized that 28 percent of that amount has been earned by the TVA itself from its operations and reinvested in an expansion of the system.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. WHITTEN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. GORE. Some \$97,000,000 has been earned as net profits by the TVA. The TVA belongs to the people of America. Whether we allow it to use its own profits for further development or require those profits to be paid into the Treasury and then appropriate money for further development makes little difference.

The fact stands that the TVA is a profitable, going concern that has been phenomenally successful, and although I respect the gentleman's sincerity, I deplore the fact that he would put a lid upon the further development of industry in that area.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. GORE. I yield to the gentleman from Missouri.

Mr. PLOESER. I did not say anything about putting such a lid on. The gentleman can assume that, too, if he wishes.

Mr. GORE. There again I am not speaking of assumptions; I am speaking of a brutal fact. Such is the recommendation of the committee report.

Mr. PLOESER. Well, show us the brutal fact, please.

Mr. GORE. The brutal part of it is that there you have an area whose development was for so long retarded, there you have an area of great Americans who are now looking up and aspiring, but with a per capita income still only 58 percent of the national average. Here you have an area that is making a growing contribution to the national economy, and yet, by the action of the gentleman's committee, if approved by the Congress, a lid is placed on the future development.

Mr. PLOESER. I hardly think so. I think the gentleman ought to take a look and see what TVA has done to themselves. They have almost sold themselves out of the market as far as priority customers are concerned. That is poor management. Why does not the gentleman take a look at the chart on page 964? Why does he not discuss that? Your management has not been so holy down there. We have not denied you the development of any of these dams for power or hydroelectric facilities that go in. And who, by the way, is so holy in Tennessee that they must look to the other 47 States to see that they alone are guaranteed their welfare.

Mr. GORE. The gentleman has asked two questions to which I will reply. First, he asks why I did not look at the chart on page 964 and so. The answer to that is I have looked at it. The further answer is that that is the chart of Purcell Smith, and it conveys a wholly fallacious conclusion, and the unfortunate fact is that such a conclusion is the basis of the committee's report rather than depending upon the TVA, which knows about its power needs, its generation, and its supply.

Mr. PLOESER. Will the gentleman yield further?

Mr. GORE. I will be delighted to.

Mr. PLOESER. I do not think it is quite fair for the gentleman to try to impugn the motives of this committee. Your TVA group has not found fault with that chart and neither has the gentleman until now, except that he does not like the chart. But it clearly explains what has taken place. The TVA has not denied those proportions of power used, and I do not think the gentleman is going to deny those proportions of power used. If you are going to talk about some things, the majority of this committee can get just as brutal, to use the language of the gentleman.

Mr. GORE. I do not impugn the motives of the gentleman nor any other member of the committee, and I hope the gentleman does not think so, but I do deplore the fact that he has been misled by a presentation of facts twisted and couched for a purpose. The gentleman and his majority committee colleagues have reached their conclusion sincerely, of course, but it is nonetheless fallacious.

Mr. PLOESER. Where have we been misled? Does the gentleman deny the accuracy of that chart?

Mr. GORE. I do. I deny the accuracy of either one of the charts put in by Purcell Smith; it is special pleading;

Mr. PLOESER. Will the gentleman supply an accurate chart in lieu thereof for the committee?

Mr. GORE. If the gentleman means that I must supply the accurate amount of energy that the atomic-energy plant uses, no, I cannot.

Mr. PLOESER. No one has asked for that. Let us not be ridiculous. I asked the gentleman to supply a chart in lieu of this chart, which deals with the over-all division as between priority customers and others.

Mr. GORE. The full information cannot be presented except to include the amount of energy the atomic-energy plant uses because it, too, as well as other Federal agencies served is a preference customer. Such an exact chart can only be supplied by the revelation of information which the power companies did not have when they made their chart and which neither the gentleman nor I have, and which I do not want.

Mr. PLOESER. We do have it. The committee was furnished it by the TVA. You are not really revealing anything regarding the Atomic Energy Commission by revealing the total amount of consumption of nonpriority users. The gentleman knows that. You could even reveal the exact amount of electric energy used at Oak Ridge and you would still give no atomic secrets. I am not asking the gentleman to do that. He does not know, so he could not do it. What I am asking the gentleman to do is supply a chart in lieu of that one which we might accept as factual.

Mr. GORE. Does the gentleman deny that the Oak Ridge atomic plant is a priority customer?

Mr. PLOESER. No; I do not deny that. I did not even make that statement.

Mr. GORE. It is not included in the priority customers on Mr. Smith's chart.

Mr. PLOESER. Is the gentleman sure of that?

Mr. GORE. I am sure of that.

Mr. PLOESER. Can the gentleman prove it?

Mr. GORE. Yes; it is plain in the testimony, if the gentleman would read it.

Mr. PLOESER. I have read it, but the gentleman says it is inaccurate.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. WHITTEN. Mr. Chairman, I yield three additional minutes to the gentleman from Tennessee.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. GORE. I yield to the gentleman from Tennessee.

Mr. EVINS. The gentleman is making a very excellent statement. He has been a great champion of the TVA. While he is correcting the errors in the statements made by the gentleman from New York [Mr. COUDERT], may I ask him to answer this statement which he made. He stated that the municipalities and co-operatives are not interested in this matter. That is not a true or accurate statement.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. GORE. In view of the remarks of the gentleman from Tennessee, of course I will yield.

Mr. COUDERT. I happen to have the record right in front of me. I said they were not interested in the sense that they would not be affected, because there will be sufficient power available from the existing facilities and the proposed new hydro-generating facilities to supply their needs in perpetuity. The TVA, speaking at the hearing, stated that as of today only 30 to 33 percent of the power distributed by TVA was needed to supply the municipalities and co-ops. That is what I said.

Mr. GORE. I thank both gentlemen for their remarks. I deplore the effort of Mr. Purcell Smith to arouse sectional animosities and prejudice. He came before our committee with a huge chart, the large print over the top of which read, "Taxpayers' money used to lure industries." When I read the material purporting to support the headline I found nothing more than reprints of advertisements which had appeared in certain magazines and newspapers under sponsorship and paid for wholly and entirely by the State of Tennessee. Many other States, perhaps all, do the same.

I asked Mr. Smith to name some industries that had moved from other States into Tennessee. He did not have the answer at his fingertips but said that he would put it in the record. He cited a certain industry, the Wolverine Tube Co., which he said had been lost as a prospective customer by one of his West Virginia clients.

I looked into that. Where did they move from? I found it was a Detroit concern, and that they never had had a plant in West Virginia. They had in mind locating a new plant somewhere. They looked at a great many sites in America, including West Virginia. They finally located in Alabama for several reasons, among which was availability of water transportation. If that is a test of losing a customer—somebody who comes and looks and then turns down the location—then I say that many a prospective customer has been lured away from this region.

Surely such a narrow appeal to sectionalism will not be entertained for long by the Congress. Development in any part of America is an asset to the entire Nation.

Certainly an area that played such a conspicuous part in war production, furnishing at one time 51 percent of aluminum for war planes, should not be cited an example of short-sightedness or have a ceiling placed upon its capacity to produce in the present or any future emergency.

Mr. PLOESER. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. COUDERT].

Mr. COUDERT. Mr. Chairman, I want to make quite clear the answer I made to the gentleman from Tennessee [Mr. EVINS]. I would like to have it clearly understood that my citation from the testimony was not from Mr. Smith, but from Mr. Wessenauer, one of the officials of TVA, who testified that only 30 to 33 percent of the present power distribution goes to co-ops and municipalities. Let me say further, in regard to the remarks of the other gentleman from Tennessee [Mr. GORE], who just had

the floor, that the committee did not rely on the testimony of Mr. Smith. If he will examine the report, he will find that the committee relied upon the testimony of officials of the TVA, Mr. Clapp, and his associates.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PLOESER. Mr. Chairman, I was in hopes that we might be able to agree on concluding debate by 5:15 p. m. tonight, which would leave us 35 minutes more of debate. I wonder if we might not come to some agreement on concluding general debate.

Mr. WHITTEN. Mr. Chairman, the gentlemen on my side are very anxious to have an opportunity to speak for the TVA and are very strong advocates of the TVA. I would hate to limit their time in view of the length of time that others of us have taken to debate this matter.

Mr. PLOESER. I believe the committee has rather well demonstrated the fact that we are not trying in any way to restrict debate.

Mr. WHITTEN. I fully appreciate that fact. The Chairman has been very gracious indeed.

Mr. PLOESER. If we can conclude debate shortly, I will ask then that the first paragraph of the bill be read, after which I will move that the committee rise. It is my understanding that our distinguished majority leader intends to ask unanimous consent that when the House adjourns tonight, we adjourn to meet at 11 o'clock a. m. tomorrow, so that we will be under the 5-minute rule when we meet in the morning.

Mr. RANKIN. Mr. Chairman, as a matter of fact, while the clock shows 20 minutes of 5, it is really 20 minutes of 4, so let us not get excited about the time.

Mr. PLOESER. My dear friend from Mississippi knows that I do not get excited in the first place. In the second place, time means little to me. Every Member of Congress knows that he works day and night until he finishes—and he never finishes. There is no concern about that except that there are other things to do besides debating TVA in the Congress. We have a heavy schedule this week. Could we agree on, let us say, 50 minutes?

Mr. WHITTEN. I do not like to ask for more than half of the time, but the gentlemen on my side are anxious to have 15 minutes apiece, and there are two of them who want to speak.

Mr. PLOESER. It is quite all right with me if the gentleman from Mississippi gets more time than I do.

Mr. WHITTEN. If we can agree that the two gentlemen on my side get 15 minutes each, that will be sufficient for our side.

Mr. PLOESER. Then that would restrict our side to 20 minutes. That is quite satisfactory.

Mr. WHITTEN. Let us agree on 1 hour, and if the two gentlemen on my side get 15 minutes apiece, that will leave the gentleman the full 30 minutes, which he can use in part or in whole.

Mr. PLOESER. That is more than generous. I agree to that.

Mr. Chairman, I yield 15 minutes to my distinguished colleague from Tennessee [Mr. JENNINGS].

Mr. JENNINGS. Mr. Chairman, I thank Purcell L. Smith, the lobbyist representative of the private power companies of this country, on his choice of battleground, his selection of weapons, and his disclosure of the deadly nature of his attack on the TVA and the 5,000,000 people who are wholly dependent upon that Agency for electric current.

In the name of private power monopoly, he seeks to take the industrial life and to forever limit the growth, progress and prosperity of the 5,000,000 people in an 80,000-square-mile area of our country in my State of Tennessee and in 6 other States.

I have read his testimony given as a lobbyist in the Capitol. He is paid \$65,000 per year plus his expenses. These private power companies are paying him a sum yearly equal to that paid to the President of the United States. Evidently, he is as urbane a gentleman as ever sought to cut the industrial throats of 5,000,000 American citizens and to sink a governmental project that benefits all the people of this country. These are the avowed objectives of Smith and they are set out in the Report. His testimony and that of his confederates reveal them.

The report of the committee accompanying the bill in this cause in discussing the proposed steam plant discloses the fact that unless this steam plant is constructed that—

Although substantial additional power can be generated by installation of new hydro generators, it—

The TVA—

is approaching the limit of the amount of electricity which can be generated by water power harnessed primarily for purposes of flood control and navigation. The proposal to construct this steam plant is based upon the recognition of these two factors, and is intended to provide additional generating capacity to meet the currently estimated requirements of the foreseeable future for electric power in the Tennessee Valley area (committee report, p. 12).

The committee then states that the question here involved is one of legislative intent on the part of Congress when it created the Tennessee Valley Authority, and under this heading of the committee's report it is sought to confine the benefit of power produced by the Tennessee Valley Authority to "States, counties, municipalities, and cooperative organizations of citizens and farmers" and to deny its use to the industries in the area upon which the people residing therein must depend for a livelihood.

Under the next heading the position is taken that this steam plant is unnecessary for these privileged customers of the Tennessee Valley Authority.

Under the next heading, namely, "No obligation to supply industries" in the area rests upon the TVA is his insistence.

Under the next heading of the committee report "Constitutional question" it is stated that—

There is presented a serious question of whether the TVA has a constitutional right

to engage commercially in the development and sale of power.

And to sustain this unprecedented position, supported by neither the law nor the facts, statements made by the Solicitor General of the United States, Mr. Stanley F. Reed, now Associate Justice of the Supreme Court, in an argument which he made before the Supreme Court in the Ashwander case are cited. This excerpt from what Mr. Reed said on that occasion is without any authority in law whatever and its citation but establishes the weaknesses of the position of those seeking to deny the long established powers of the TVA. I shall shortly demonstrate that there is no constitutional question in this matter and that no constitutional challenge can be made against the appropriation for or construction of this steam plant.

It is then stated that "Chambers of commerce oppose steam plant." All of the chambers of commerce throughout the 80,000 square mile area affected and in adjoining sections of the country approve the steam plant.

And now comes a disclosure of the real opposition to the construction of this steam plant in the heading appearing on page 16 of the report, "Private utility companies oppose steam plant."

The effort being made by these private utility companies through their \$65,000-a-year plus expenses lobbyist is an attempted invasion of the area served by the TVA and an unblushing attempt to destroy all further industrial growth and development in that great section of our country. To accomplish this purpose these private power companies seek to hamper and destroy the output of aluminum, atomic energy, and other vital war materials whose production is wholly dependent upon electric power produced by TVA. The statement is made that—

TVA and the Federal Government have neither constitutional nor statutory authority, and therefore, no obligation to supply electric energy required by occupants of the Tennessee Valley other than such surplus energy as is generated as an incident to the water power produced by the construction and operation of navigation and flood-control facilities.

Then, it is stated that the authorization of this steam plant would set a far-reaching precedent.

The original TVA Act of May 18, 1933, created the Tennessee Valley Authority as a corporation for the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Ala., in the interest of the national defense and for agricultural and industrial development, and to improve navigation in the Tennessee River and to control the destructive flood waters in the Tennessee River and Mississippi River Basins.

That the corporation thus set up should not be hampered, or its purposes defeated, the act provided:

(f) No director shall have financial interest in any public utility corporation engaged in the business of distributing and selling power to the public. * * * Nor shall any member have any interest in any business that may be adversely affected by the success of

the corporation as a producer of concentrated fertilizers or as a producer of electric power.

By the original act it is further provided that the corporation—

(i) Shall have the power to acquire real estate for the construction of dams, reservoirs, transmission lines, power houses, and other structures, and navigation projects at any point along the Tennessee River, or any of its tributaries. * * *

(j) Shall have power to construct such dams and reservoirs in the Tennessee River and its tributaries, as in conjunction with Wilson Dam, and Norris, Wheeler, and Pickwick Landing Dams, now under construction, will provide a 9-foot channel in the said river and maintain a water supply for the same, from Knoxville to its mouth, and will best serve to promote navigation on the Tennessee River and its tributaries and control destructive floodwaters in the Tennessee and Mississippi River drainage basins; and shall have power to acquire or construct powerhouses, power structures, transmission lines, navigation projects, and incidental works in the Tennessee River and its tributaries, and to unite the various power installations into one or more systems by transmission lines.

By section 831f of the act as carried into the United States Code, page 1792, it is provided:

In order to enable the Corporation to exercise the powers and duties vested in it by this chapter—(a) The exclusive use, possession, and control of the United States nitrate plants numbered 1 and 2, including steam plants, located, respectively, at Sheffield, Ala., and Muscle Shoals, Ala., together with all real estate and buildings connected therewith, all tools and machinery, equipment, accessories, and materials belonging thereto, and all laboratories and plants used as auxiliaries thereto; * * * and all other property to be acquired by the Corporation in its own name or in the name of the United States of America, are entrusted to the Corporation for the purposes of this chapter.

By section 831h-1, it is provided:

The Board is further authorized, whenever an opportunity is afforded, to provide and operate facilities for the generation of electric energy in order to avoid the waste of water power, to transmit and market such power as in this chapter provided, and thereby, so far as may be practicable, to assist in liquidating the cost or aid in the maintenance of the projects of the Authority.

That it is contemplated the TVA shall build steam generating plants and that it is authorized so to do is established by section 831n of the original act as carried into the United States Code, page 1796:

In the construction of any future dam, steam plant, or other facility, to be used in whole or in part for the generation or transmission of electric power the Board is authorized and empowered to issue on the credit of the United States and to sell serial bonds not exceeding \$50,000,000 in amount, having a maturity not more than 50 years from the date of issue thereof.

The authority of the TVA to construct and operate a steam generating plant is further established by the power conferred upon it by the amendment to the act of July 26, 1939, authorizing the TVA to acquire the properties of the Tennessee Electric Power Co., which included steam generating plants at Nashville, Hale's Bar, and Parksville, and other

small plants, which larger plants have since been operated by the TVA when the occasion demanded.

Public Resolution No. 95, approved July 31, 1940, and the pertinent parts of which reads as follows:

Resolved, etc., That the sum of \$25,000,000 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, as an additional amount to carry out the provisions of the Tennessee Valley Authority Act of 1933, approved May 18, 1933, as amended by the acts approved August 31, 1935, and July 26, 1939, including the funds necessary to begin construction of a dam on the Holston River near Jefferson City, Tenn.; to begin installation of two additional electric generating units at Pickwick Landing Dam, Tenn.; and to begin construction of steam electric generating facilities with a rated capacity of approximately 120,000 kilowatts in the area served by the Authority.

It is a further recognition by Congress of the power of the TVA to construct and operate a steam generating plant to supplement and firm up its hydroelectric power, in the enactment by Congress of Public Resolution 95. This resolution was passed after President Roosevelt had declared that there existed a limited emergency.

Today we are technically at war with Germany and Japan and are waging what is generally termed a "cold war with Russia."

Section 14 of the original act, after providing for an allocation of the cost of Wilson Dam, Norris Dam, and the Muscle Shoals nitrate plants, the only projects already constructed or specifically in contemplation when the TVA Act was passed, provides further:

In like manner, the cost and book value of any dams, steam plants, or other similar improvements hereafter constructed and turned over to said board for the purpose of control and management shall be ascertained and allocated.

It is thus seen that the appropriation for and construction of the proposed steam plant at New Johnsonville, Tenn., is authorized both by the Constitution and by the Tennessee Valley Authority Act, as amended.

Neither the lobbyist, Purcell L. Smith, nor any of the power companies he represents, can challenge the action proposed to authorize the construction of this steam plant. On page 1014 of the hearings in his testimony Mr. Smith admits that neither he nor any power company can challenge the constitutionality of the construction of said power plant. I now quote his words:

Consequently if your committee rules the appropriation for this steam plant, and the Congress ultimately does so appropriate, no one can invoke a judicial determination of whether that action was in excess of constitutional authority.

The establishment by Congress of the TVA as the sole source of electric power obtainable by the 5,000,000 people who within the 80,000-square-mile area within Tennessee and six other States, creates a moral and legal duty on the part of the Federal Government to expand its power facilities to keep step with the normal development and power demand of these people. Especially is this true when to do so will not only increase the income

of the people dependent on the TVA for power but will increase the income of the Federal Government from the sale of such power.

It is said in the committee's report that the building and operation of a steam plant is not within the power of the TVA, not authorized by the law, that the act itself is unconstitutional. There is an opinion embodied in this report. It is an interesting document. It is as long as the tail of Halley's comet and every bit as obscure and foggy.

Let us get above the fog now and get up to something really worth-while. I call your attention to a deliverance by the greatest judge who ever sat on the Supreme Court of this country, John Marshall, in which he held in the case of *McCulloch* against the State of Maryland:

Although among the enumerated powers of government we do not find the word "bank" or "incorporation," we find the great powers to lay and collect taxes, to borrow money, to regulate commerce, to declare and conduct a war, and to raise and support armies and navies. The sword and the purse, all the external relations, and no inconsiderable portion of the industry of the Nation, are entrusted to its Government. It can never be pretended that these vast powers draw after them others of inferior importance, merely because they are inferior. Such an idea can never be advanced. But it may with great reason be contended that a government entrusted with such ample powers, on the due execution of which the happiness and prosperity of the Nation so vitally depend, must also be entrusted with ample means for their execution.

The government which has a right to do an act, and has imposed on it the duty of performing that act, must, according to the dictates of reason, be allowed to select the means; and those who contend that it may not select any appropriate means, that one particular mode of effecting the object is excepted, take upon themselves the burden of establishing that exception.

Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consist with the letter and spirit of the Constitution, are constitutional.

Under the property clause of the Constitution, under the general welfare clause of the Constitution, under the commerce clause of the Constitution, under the national defense clause of the Constitution, under all of those provisions, the United States Government can build and operate steam generating plants to make profitable the hydroelectric plants it owns in the TVA system. Embodied in the TVA Act, is the express purpose on the part of the Government to benefit, to advance and to make richer, fuller, and more profitable the agricultural and industrial life of my section of this country.

The power of the Federal Government to build a steam plant for the generation of electric current to firm up its supply of hydroelectric current cannot be successfully challenged on constitutional grounds.

TVA has the clear statutory authority to construct and operate this steam plant.

This plant is of vital importance to the farmers, businessmen, the laboring people, and veterans, and, in fact, to all the people of the Second Congressional Dis-

trict, the State of Tennessee, and this entire region. This steam power plant will have three generating units, each capable of producing 125,000 kilowatts of power, or a total of 375,000 kilowatts of power when the plant is completed. If Congress authorizes the construction of the plant the total cost of which will be \$54,000,000, the first unit will be in operation in the fall of 1951, the second in the spring of 1952, and the third shortly thereafter.

The power produced by this plant is absolutely essential to meet the ever increasing demand for electric current due to the general economic growth of this region of our country, and for national defense.

Within the last 2 weeks the far-seeing, wise, patriotic, and universally respected Speaker of the House of Representatives, JOSEPH W. MARTIN, JR., has stated that our greatest defense, our greatest weapon of defense and of offense is an air power so strong that it can raise an umbrella of air power above this country and carry war to any power that dares attack us.

You cannot build planes without aluminum. You cannot have aluminum without electric current, and at this plant in my district only sufficient current can be obtained from TVA. The statement has been made here that the Government is subsidizing that plant. I remember that in 1910 the then Congressman from the Second District, Richard W. Austin, interested people who were then engaged in the manufacture of aluminum to come to Blunt County and buy power sites, and in 1913 the first pot, two rooms, of that plant were built. It obtained its limited amount of power from the Knoxville Power Co. Then it built from time to time five great dams upon the Little Tennessee River and its tributaries, and when this Second World War came I saw it expand its facilities until its production of aluminum was stepped up 700 percent. I went into that plant and saw 13,000 men and women, boys and girls, toiling in the production of the aluminum that made possible the construction of planes that were used over every battlefield around the world. Not only that, I saw those great stalwart men from the hill country there about Marysville sweating in those pot rooms until they had to take salt tablets with the water they drank in order to supply the salt they sweated out. They not only projected their labor and their know-how above every battlefield around the world, but they sent their boys into that conflict. Some of them died in battle.

Those who oppose this appropriation say by their action that there should be no further industrial development, no further increased agricultural production, no further increase of the productivity, of the economy of this region. They take the position that the industrial system, the farm progress, the prosperity of this section of our great country has been finished; that it is full grown; that the energy and capacity of our people must be put in a straight jacket; and that any further effort to expand or make progress by

the people of this region through the use of electric energy shall be strangled by the arresting hand of greedy private monopoly. This assault upon the prosperity, the development, the industrial output, the coal mines, the copper mines, the zinc mines, the greatest aluminum plant in America, other defense plants and the fabulous \$2,000,000,000 atomic energy plant at Oak Ridge, is being waged by selfish men who would cripple and destroy any further progress, any further development of national strength in this region. And hence it is the TVA that is under heavy fire from the private utilities and their allies.

Now that we may thoroughly understand just what is involved in this question:

What is the TVA? It is an accomplished fact. This agency was created and now exists by an act of Congress passed May 18, 1933, which has since been amended. It is a corporation set up by the Congress for the purpose of maintaining and operating the properties then owned by the United States in the vicinity of Muscle Shoals, Alabama. It was created in the interest of national defense and to develop the agricultural and industrial resources of the region, to improve navigation on the Tennessee River, and to control the destructive flood waters on the Tennessee River, its tributaries and the Mississippi.

The construction of the TVA dams could not have been undertaken by private companies. They were constructed for a threefold purpose: to make navigable the Tennessee River, to control the destructive floodwaters of the Tennessee River, its tributaries, and the Mississippi, and to develop hydroelectric power.

The Federal Government from time to time has spent billions of dollars along the eastern and western seacoasts of this country, on the Gulf of Mexico, on the Great Lakes, and on the rivers of our country to improve navigation and to prevent floods. The first extensive expenditure of money by the Federal Government for these purposes on the Tennessee River and its tributaries began with the establishment of the Tennessee Valley Authority.

The dams constructed by this agency since its organization on the Tennessee River are: Kentucky, Chickamauga, Pickwick Landing, Wheeler, Guntersville, Watts Bar, Fort Loudoun.

The dams constructed by the Authority on the tributaries of the Tennessee River are: Norris, Hiwassee, Cherokee, Douglas, Fontana, Appalachia, Nottly, Ocoee No. 3, and Chatuge.

The Authority now has under construction the Watauga and the South Holston Dams in upper east Tennessee.

It purchased from power companies the following dams: Hale's Bar, Ocoee Dams Nos. 1 and 2, Blue Ridge, and Great Falls.

As a result of the construction of the dams now completed the Tennessee River is navigable the year round from Knoxville, in my district, to the Gulf of Mexico, to the upper reaches of the Mississippi and its tributaries, and to the Great Lakes. With the completion of

the Watauga and South Holston Dams the floodwaters of the Tennessee will be wholly under control.

The Government has invested in this project approximately \$800,000,000. A portion of this investment is allocated to flood control and navigation, the balance to power production and distribution.

The great supply of electric power made available by the Authority led to the establishment of the Oak Ridge atomic-energy plant by the Government for the production of the atomic bomb in Anderson and Roane Counties in the Second Congressional District. The atomic plant was located in this section of Tennessee for the following reasons:

First. Oak Ridge is far from the sea coast, surrounded by mountains, by the Clinch River and by hills.

Second. Because of the vast amount of electric current which TVA was able to furnish.

Third. Because of the unquestioned loyalty of our people who worked on this project.

More than 1,000 scientists were engaged in the production of the bomb and more than 100,000 people worked on the project.

In addition to this, because of TVA electric current, the Aluminum Co. of America, which itself has built and operates five great hydroelectric dams near its Alcoa plant in Blount County within 16 miles of Knoxville, Tenn., increased its output of aluminum for war purposes 700 percent. And it may be said without the fear of successful contradiction that thousands of American boys are alive today who would have been killed in this World War but for the fact that the Aluminum Co. of America, at its plant in Alcoa, was able to turn out all of the aluminum needed for the production of war planes, and that at Oak Ridge was made and prepared for use the atomic bomb.

The Tennessee Valley Authority, all of its dams, steam plants, hydroelectric installations and its transmission lines are the property of all the people of the United States. It is not a sectional institution. It is a national institution. And the unhallowed hands of Mr. Smith and his power satellites should not be permitted to arrest or stifle its further development, nor to say to the more than 5,000,000 people who are wholly dependent on this great agency for electric current, "Thus far shall you progress and develop, and contribute to the national welfare and the national defense, but no farther shall you go."

It must be remembered that the fight being waged ostensibly against TVA is in reality and in effect a fight against the people who are served by the TVA and who are wholly dependent upon it for electric current. Not only is the TVA under attack but the people who live in this area are under attack. What has the Tennessee Valley Authority accomplished? What is the need for it? What is the need for its expansion? Who does it serve?

The most essential tool of modern progress is electric energy. A more profitable agriculture and a more pro-

ductive soil go hand in hand with the ability of the farmer to grow more crops on fewer acres. To do this he must not be a one-crop farmer. He must make two blades of grass grow where only one grew before. He must grow two to five bushels of corn where he formerly only grew one. Land, the fertility of which has been exhausted by successive crops of corn, cotton, and tobacco, must be sowed to clover, to grass, to small grains. To achieve these ends the farmer must have electricity to operate milking machines, to furnish water, both hot and cold, to his dairy barn and milk house, to furnish him cold storage and to lighten the toil of his wife in the home.

In 1933 when TVA had its beginning only one farm in 28 in the region had electric service. Today one-half the farms have electric service.

In 1933 all the farms in the area consumed a total of only 10,000,000 kilowatt-hours a year. In 1947 these same farmers used 300,000,000 kilowatt-hours. To increase profitable diversified farming, and to insure the region's prosperity the farms alone will require an ever increasing supply of electric current.

WHAT OF THE INDUSTRIAL DEVELOPMENT OF THE TENNESSEE VALLEY?

For the people of this region to achieve and retain a permanent economic growth and prosperity they must build upon a stronger and more profitable system of agriculture side by side with a sound and profitable industrial development.

Within the 15 years since the TVA was established more than 1,800 new manufacturing and processing plants have been established in the Tennessee Valley and in the adjoining areas served by TVA power.

The hue and cry which has been raised by the enemies of the people who live in this section of our country that the TVA has been robbing other sections of their industries and has been inducing them to move to Tennessee and into the adjoining area is not true. The industrial growth of this area had begun long before the advent of the TVA. It has expanded greatly since the TVA made abundant electric energy available.

Within the last 6 years approximately 150 plants making furniture, and 9 manufacturers of paper and allied products have been established in the area.

More than 225 food-processing plants, including more than 90 freezer-locker and cold-storage plants have been built, and 16 leather-manufacturing plants have come into existence. None of these plants moved into the area from other sections of the country. Each and all of them are contributing to the balanced prosperity and economy of our people.

The Tennessee Valley is still predominantly a farming area. Within the last 12 years employment in privately owned and operated manufacturing plants has increased by 161 percent. The national gain in such employment during this period is only 131 percent. The young men and young women of this section are thus afforded the opportunities for profitable employment that has heretofore been denied them. The boys and girls from this section of the country who heretofore have been forced to

go to distant States to obtain profitable employment are now enabled to remain at home and use their energies and their abilities to upbuild and develop their home land.

In 1933 the per capita income in the Tennessee Valley was only 40 percent of the national average. In 1945 it had risen to 58 percent of the national average. This means that in 1945 our people had \$680,000,000 more money than they would have had if they had been held down to the low rate of income which they received from their labor in 1943. They were thus enabled to buy more of the products of the manufacturing plants in other sections of the country as a result of this increase in income. And they gave more support to the new local enterprises that have been built in their midst.

And by the same token, the individual income Federal taxes paid by the people of the valley were proportionately increased.

In 1933 the total individual income taxes paid from the seven States in which the Tennessee Valley lies was only 3.4 percent of the national total. In 1946 it had increased to 6 percent. As a result, the people of this section are now bearing a larger share of the total cost of the Federal Government.

The demand for power is daily growing throughout this region. The TVA has at this time on order 11 hydro generating units which, when obtained, it will install in existing dams. It is building two new dams, the Watauga and the South Holston.

The Aluminum Co. is installing a new unit at one of its dams. These installations will have a capacity of 440,000 kilowatts.

The Authority has entered into an agreement with the Department of the Interior to market the power from three dams now being built in the Cumberland River Valley by the United States Corps of Engineers. These dams will produce 261,000 kilowatts of power. All this increase in hydroelectricity, bringing the capacity of the TVA system to 3,270,000 kilowatts, will not meet and take care of the rising demands for power by the people and their industries in the region.

The TVA has the responsibility as the sole power producer and supplier for a region of 80,000 square miles to meet the needs of more than 800,000 existing consumers and more than 100,000 additional farms within the next few years.

The \$54,000,000 steam plant, the initial work on which is proposed in TVA's budget for the year 1949, will be required to meet the above demands for power on the part of this region, its 800,000 existing consumers and the 100,000 additional farms to be served, if they are served with electric current.

It is being said that the TVA should rely upon such steam plants as it now owns and operates and upon its hydroelectric installations that are now in operation and that it proposes to install and put in operation. But it must be remembered that there are periods of drought when rainfall is not up to the average. When a drought cuts down the ability of a hydroelectric system to pro-

duce electric current, then the steam-power plant steps in and maintains the power requirements during dry years. The greater the capacity of the hydroelectric plants the greater must be the capacity of the steam plants to maintain the increased requirements of the users of electric current.

The Second District of Tennessee, which I have the honor to represent in the Congress, is comprised of Anderson, Blount, Campbell, Knox, Loudon, Morgan, Roane, Scott, and Union Counties. The district has a land area of 3,815 square miles, and its population in 1940 was 389,000. It today has a population of 460,000, an increase of 71,000.

In 1933 there were 219 manufacturing plants in the district. In 1946 there were 421, including the atomic energy plant at Oak Ridge, an increase excluding Oak Ridge of 118—39.2 percent.

In 1933, 20,694 persons were employed in manufacturing.

In 1946 58,252 persons were so employed; without Oak Ridge 36,599 were employed. The increase exclusive of Oak Ridge is 10,428—39.8 percent.

In 1930 24,913 persons were employed in agriculture. In 1945, 22,998 were so employed, a decrease of 11.2 percent.

In 1939 35,404 persons were employed in trade and service. In 1946 50,362 were so employed—an increase of 14,858—42.2 percent.

In 1939 retail sales were \$79,657,000. In 1946 they were \$189,732,000—an increase of \$110,076,000—138.2 percent.

In 1940 the people of the district had a spendable income of \$117,065,000. In 1946 they had a spendable income of \$341,313,000—an increase of \$224,238,000—191.6 percent.

In 1941 they had total bank deposits of \$55,138,000. In 1946 they had bank deposits of \$224,530,000—an increase of \$169,392,000—307.2 percent.

AN APPEAL TO SECTIONAL PREJUDICE

The private power companies and their \$65,000 per year lobbyist, Purcell Smith and a segment of the United States Chamber of Commerce say that if the TVA can shortly no longer supply the needs of our expanding industrial development and the 100,000 farmers of our section who are clamoring for electricity on their farms, and our increasing population, that the electricity needed by our industrial plants and our mines should be taken from them and sold exclusively to individual consumers. In other words, it is proposed that there shall be no further growth in Tennessee and in this congressional district. The men and women who work for a living cannot buy electricity if the enterprises which employ and pay them are shut down. There can be no more new plants, no enlargement of those we have if they cannot buy electric current. The TVA is our only source of power.

Purcell Smith and the enemies of the growth and prosperity of our people are making war on the owner of every business enterprise big and little in our midst. They are fighting the farmers and the wives and children of the farmers. They will, if they can, stop the growth of our industrial plants and the building of new enterprises that give

employment to our people. They are the enemies of our working people.

A week never passes that I do not receive an appeal from constituents for help in obtaining electric service. More than 50,000 soldiers, sailors, and marines from this congressional district served in this World War. Eleven hundred and ninety-one of them were killed in action.

The more than 50,000 of these veterans are vitally interested in the industrial, agricultural, commercial, educational, moral, and spiritual development of this congressional district. They need electric current to light their homes, to read and study, to equip their farms and to build new enterprises.

The Nation is being forced to build the greatest Air Force in the world to preserve the peace and, if war is thrust upon us, to raise an umbrella of air power over our land, and carry the war to any enemy that may attack us. Air power means more than 7,000 of the best planes in the world. Planes are made out of aluminum. Aluminum cannot be manufactured without vast quantities of electricity.

During the war the Aluminum Co. at Alcoa in Blount County employed 13,000 men and women. It spent over \$300,000,000 of its own money expanding its production 700 percent.

The metal turned out was in the planes our boys flew over every battlefield around the world.

The only son of Col. A. D. Huddleston, the superintendent of the great Alcoa plant in our midst, flew 98 of these planes from this country across the Atlantic and one across the Pacific and three to India and across the Himalayas to China. With our air power we blasted our victorious march to Berlin and to Tokyo.

Today our far too small armed forces in Germany, Austria, China, Korea, and Japan are face to face with Russia's huge armies. If a land Pearl Harbor occurs, the man or the men who cripples or destroys our power to make aluminum and to build and man planes will be forever odious.

This continued development of this section of our country is vital to its defense. The Nation needs our coal, our iron, our steel, zinc, copper, the atomic bomb and all the products of our skill, labor, and farms.

Those who seek to stop the growth and strangle the development of our people, are fighting not only the TVA. They are the enemies of our people who have poured out their treasure like sand and their blood like water in the defense of this country.

Those who propose to deny our people the right to prosper and to grow might as well try to crowd a full-grown eagle back into the shell from which it was hatched. There is no more favored region in this land than eastern Tennessee. Our section is endowed with great natural resources, our people are energetic, industrious, and they are equal in intelligence, character, and patriotism to any other people in the land. To deprive them of their right to grow, to develop, to prosper, and to enjoy in their homes and schools, their churches, the modern conveniences which can only be

had by the use of electric current is a crime against the Second Congressional District and against this country.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

(Mr. JENNINGS asked and was given permission to revise and extend his remarks.)

Mr. MAHON. Mr. Chairman, I yield 15 minutes to the gentleman from Tennessee (Mr. KEFAUVER).

Mr. KEFAUVER. Mr. Chairman, the President's budget for 1949 contains a recommended item of \$4,000,000 which would permit TVA to commence construction of a steam plant to be located at New Johnsonville, Tenn., in the mid-western part of the TVA power system. The plant would have three generating units, each capable of producing 125,000 kilowatts of power, and is estimated to cost \$54,000,000. The first unit is scheduled for operation in the fall of 1951, the second for the spring of 1952, with the third following shortly thereafter. Power from these units, together with the capacity of new hydro units already scheduled for installation, is essential to meet the rising demand for electricity resulting from the general economic growth of the region.

During the 9 years that I have been in Congress I do not think Congress has been faced with any problem that is of greater importance to a large section of our Nation or, indeed, to the Nation itself, domestically, than the one we are debating here today. The question involved is of great importance to a large area of our country; 80,000 square miles affecting all of the State of Tennessee, and substantial parts of six other States. The question involves the future welfare of 5,000,000 people of the United States. The issue to be settled here today goes to the development of the entire country. Our progress is a matter of great pride in the Tennessee Valley, and it should be to the Nation itself, that we have made great progress since the advent of the TVA. When the TVA came into being we only had 3 percent of the farms electrified. Now the farmers in our section have 50 percent of their farms electrified. And, another matter of great importance to the whole Nation, Mr. Chairman, is the fact that in 1933 the people of the Tennessee Valley were paying only 3 percent of the taxes of the Nation. Largely as the result of the healthy development in that section the people of the Tennessee Valley are now paying 6 percent of the taxes of the Nation, and yet this iniquitous private Power Trust says that it is not in the national interest that our progress be continued. But, Mr. Chairman, the Tennessee Valley section and the people in the Tennessee Valley are still below the national average in per capita income. We are just beginning to catch up. Our section is still predominantly agricultural. We have many new industries which have grown up in our section. They have grown up there and not moved from other parts of the United States.

Is it in the public interest, Mr. Chairman, that when we are just beginning to get on our feet, when we are beginning to bear a larger share of the

national tax burden, when we are getting our per capita income raised to a decent amount, that at the behest of the private power lobby of this country an economic lid is put over our further development? It seems to me that rather than go along with the recommendation of the private power lobby in this matter, this Congress, on both sides of the aisle, ought to be proud of the record that has been made in the Tennessee Valley. That should be a reason for gladness; it should be a reason to give us encouragement. Since we have made such a good record we should be asked to go on and further raise our standard of living and further increase the contribution we are making to the whole United States. This should be your attitude instead of saying to us, "You have gone this far and you can go no further."

POWER AND PROGRESS IN THE TENNESSEE VALLEY REGION

When the Seventy-third Congress established TVA in 1933, the purpose of the act was to develop the area's resources for the benefit of the people, to promote the prosperity of their enterprises, to raise the level of their income, to strengthen the entire Nation by making the valley more productive. At that time, the Tennessee Valley was one of the low-income areas of the Nation, although it was richly endowed with natural resources.

In 1933 the Tennessee River was almost useless for navigation; its power resources were undeveloped; its turbulent floodwaters were a danger both in the valley and beyond the river's mouth, along the Ohio and lower Mississippi Rivers. The economy of the region was almost wholly based on agriculture, and the land which supported the people was approaching exhaustion. Great forests and farm woodlands alike were depleted. Abandoned farms, barren and eroded hillsides scarred the landscape and foreshadowed a future of poverty and despair.

To reverse this trend, to control the river, to improve the land and forests, to make a stronger region and a stronger nation by wise use of the Nation's resources, TVA was created.

TVA PROVIDES THE REGION WITH THE ESSENTIAL TOOLS FOR ECONOMIC PROGRESS

Power is one of the essential tools of modern progress. In the Tennessee Valley where a stronger agriculture and a more fertile soil depend upon the ability of the individual farmer to reduce the acres he formerly planted to row crops and to establish instead a system of diversified farming, electricity is vital.

Worn-out land cannot be taken from corn and cotton and tobacco, and planted with clover and grass and small grains unless the soil-conserving crops can earn their share of the farmer's income. They are not fully effective unless the farmer can have electricity for milking, freezing, cold storage, and all the other uses that a diversified system of agriculture requires in order to succeed.

Little by little, the farmer is getting power in the Tennessee Valley. In 1933, when TVA began, 1 farm in 28 had electric service. One in two is served today.

In 1933, all the farms in the area used a total of only about 10,000,000 kilowatt-hours a year; last year some 300,000,000 kilowatt-hours were consumed. They must use much more to provide the stable diversified agriculture which the region's prosperity demands.

THE TENNESSEE VALLEY DEVELOPS INDUSTRIALLY

Economic growth in the Tennessee Valley not only rests on a stronger agriculture but on a sound industrial development, for the burden on the land for the support of the people must be reduced. It has been reduced since 1933. In the 15-year period, more than 1,800 new manufacturing and processing plants have been established in the Tennessee Valley and in the adjoining areas served by TVA power.

Many of these new plants are directly related to the change in agricultural and forest and woodland management. Between 1940 and 1946, for example, nearly 150 plants making furniture and finished timber products, and 9 making paper and allied products, have been established in the area. More than 225 plants dealing with food and kindred products—including over 90 freezer-locker and cold-storage plants—have been set up, and 16 plants engaged in leather and leather goods manufacture have appeared. Most of these are relatively small enterprises, none of them have moved from any other section of the country, and all of them together combine to give a better balanced economy in the region.

Although this region is still primarily an agricultural area, between 1933 and 1945 employment opportunities in privately operated manufacturing establishments increased by 161 percent. The national gain was 131 percent, but this valley in its more rapid advance began to catch up a little and to offer its youth more nearly average opportunities for profitable employment. Per capita income in the valley was only 40 percent of the national average in 1933. By 1945 it rose to 58 percent of the national average. In round dollars, that increase in income meant that in 1945 the people of the valley had \$680,000,000 more than they would have had if they had continued to be only 40 percent as productive, in terms of earnings, as the rest of the Nation. They bought more of the products of the manufacturing plants of other regions as a result, and they supported more of the new local service enterprises. In the same way, the proportion of individual Federal income taxes paid by the people of the valley has increased. In 1933 the total of such taxes paid from the seven States in which the valley lies was only 3.4 of the national total; in 1946 it amounted to 6 percent. The valley is bearing a larger share of the total cost of the Federal Government.

THE PRESENT TVA POWER SYSTEM

At the present time, to meet the region's needs, the TVA power system has a total installed generating capacity of 2,571,000 kilowatts, 2,121,000 kilowatts in hydro and 450,000 kilowatts in steam. The hydro includes 311,000 kilowatts at dams owned by the Aluminum Co. of America but operated under TVA's di-

rection to achieve the benefits of integrated operation.

To meet growing loads, TVA already has on order 11 hydro generating units to be installed in existing dams and is building two new dams, Watauga and South Holston. The Aluminum Co. is installing a new unit at one of its dams. These installations will total 440,000 kilowatts in capacity. In addition, TVA has entered into an agreement with the Department of the Interior to market the power from three dams under construction in the Cumberland Valley by the United States Corps of Engineers, which will have 261,000 kilowatts of installed capacity.

But all this increase in hydro electricity, an increase which will bring the capacity of the integrated system to a total of 3,270,000 kilowatts, is not enough to meet the rising demands for power in the region. To carry out its responsibilities as the sole power supplier for a region of 80,000 square miles, to meet the requirements of more than 800,000 existing consumers and more than 100,000 additional farmers to be served in the next few years, the additional steam plant proposed in TVA's budget for 1949 will be required to supplement the power production capacity of the scheduled hydro installations.

THE STEAM PLANT WILL BALANCE HYDRO CAPACITY

In addition to the regulated output which the hydro plants maintain even during extended dry periods, the hydro capacity can produce large amounts of additional power when streamflow conditions are good. In a predominantly hydro system, therefore, the primary function of steam plants is to provide a portion of the power requirements during dry years—to firm up the hydro power which is not continuously available then.

The greater the extent to which the hydro power is developed, the greater the quantity of steam power which must be supplied during the dry periods. For this reason the proportion of steam capacity to hydro capacity should be expected to increase as the development of the hydro resources of a region is carried forward.

In the Tennessee Valley the proportion of generating capacity represented by steam plants, which was nearly one-third in 1936, has been decreasing instead of increasing, because TVA has been building hydro plants so rapidly and has built but one major steam plant. TVA's Watts Bar steam plant brought the steam capacity of TVA's service area up temporarily to a little more than 25 percent of the total, but the general downward trend has now carried the proportion well below 20 percent. With the further additions of hydro capacity scheduled for the next few years, the proposed New Johnsonville steam plant will bring the steam capacity up to slightly over 20 percent of the total generating capacity of the area.

THE RISING POWER DEMAND ON THE TVA SYSTEM

This new steam plant appears to be the individual project which the private power companies have selected as the occasion for an all-out assault against TVA and against the people of the Tennessee

Valley. These are not competing power systems speaking, wisely or unwisely striving to protect an investment made on franchise from the people. They have no properties in the area concerned. From 1933 to 1940 the people acted to withdraw from the private power companies the privilege of supplying their electric service in the future. They determined to acquire and thereafter to own and manage their own systems of power distribution and to purchase the power they required at wholesale from TVA. The vengeful private companies now propose that these publicly owned systems should have a limit set on the region's power supply, that a ceiling on its progress should be fixed.

Private companies do not, and they cannot, argue that the additional capacity is not required. All over this Nation power demand is pressing hard upon supply. In some parts of the country demand already has outrun capacity to produce it. There are black-outs. Power conservation and rationing is discussed. The growth in power demand has been steady. At the end of 1940 demand on the Nation's power systems totaled 28,000,000 kilowatts. Five years later—by the end of the war—it had increased by 10,000,000 kilowatts, while in the next 2 years it jumped up more than another 10,000,000 kilowatts to the total of the 49,000,000 kilowatts demand recorded in 1947. Load growth continues. Private power companies expect it. They have announced proposed expenditures of \$5,000,000,000 in the next 5 years, an increase of more than one-third in the present capitalization of the 65-year-old industry.

On the TVA power system, too, demand is rising. The people are using more power in their homes, on their farms, and in their industries. This is not a new trend in the Tennessee Valley, either. Electricity use has been expanding in the Tennessee Valley since 1933. The TVA system has a capacity of more than 2,500,000 kilowatts today and last year it produced 15,000,000,000 kilowatt-hours, as compared with a capacity of 800,000 kilowatts in the same area in 1933 and a production of one-tenth as many kilowatt-hours a year.

GROWTH OF LOAD ON MUNICIPAL AND COOPERATIVE DISTRIBUTION SYSTEMS

Estimates of the growth of load on the TVA system are the results of detailed studies of the prospects of the 140 municipalities and cooperatives which distribute TVA power to the homes, farms, and business enterprises of the area. A summary of their expectations follows.

Consumers served by municipalities and cooperatives are divided into three general classes: residential, commercial, and industrial. During war years growth in residential use of electricity was discouraged to conserve power for essential war uses, and the electrical household equipment which builds a residential load was not obtainable. From 1945 to 1947, however, the annual residential use of electric energy on the TVA system increased about 60 percent, rising from 900,000,000 kilowatt-hours use to nearly 1,500,000,000 kilowatt-hours as the average consumption per family in-

creased from 1,790 kilowatt-hours per year to 2,320. Every month this load goes up. In the next 5 years the use of electricity in the homes of the Tennessee Valley is expected to double.

While growth of the total residential load has been rapid, an even greater rate of growth in use has occurred on the farms than in the urban centers. The availability of power is the major factor liberating the farmers of the Tennessee Valley from some of their back-breaking chores and permitting the development of the more diversified pattern of agriculture upon which the security of the future depends.

The commercial and industrial load of the municipalities and cooperatives is growing too, as the region more nearly approaches national levels in retail, service, and manufacturing industries. Most of these private businesses are relatively small but their number is increasing and their total use of electricity has grown sharply. The small private enterprises whose maximum demands are under 50 kilowatts—grocery stores, filling stations, beauty shops, drug stores, restaurants, tourist camps, small hotels, and the smaller manufacturing plants—increased their use of electricity from 520,000,000 kilowatt-hours in 1945 to 850,000,000 in 1947—an increase in the first two postwar years of 60 percent for this class of consumers. In those 2 years more than 20,000 such small businesses were established in the area. According to present estimates the next 5 years will see a further increase over the present consumption levels of these consumers by at least 65 percent.

The larger commercial and industrial power users served by municipalities and cooperatives—those with demands over 50 kilowatts—have been increasing their consumption at the same time. The whole economy is marching ahead. In the 6-year period ending with December 1947, the number of such establishments, canneries, quick-freezing plants, mines and quarries, foundries, and hosiery mills, for example, increased by 1,500, a growth of more than 100 percent. More than half the increase in number has taken place since the end of the war. The total annual consumption of this group of consumers amounted to over 2,000,000,000 kilowatt hours last year, and based on the business plans of the various enterprises involved, an annual use totaling 3,000,000,000 kilowatt-hours must be anticipated within the next 5 years.

The combined total of these anticipated increases in power use means that these public distributors of TVA power expect to use over 8,000,000,000 kilowatt hours in 1952, 65 percent more than they used in 1947.

This is the demand which TVA must be prepared to meet. To provide capacity to meet the commitments of these public distributors, who last year alone spent \$23,000,000 for new lines, transformers, and other distribution facilities required to meet the demands in their service area, more than the hydro additions already authorized is required. This is why the steam plant is needed.

Mr. CCUDERT. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield to the gentleman from New York.

Mr. COUDERT. The gentleman a moment ago spoke of the not unnatural desire of the residents of the valley for more refrigerators and cream separators and more of the other lesser luxuries of life. There are 8,000,000 people in the city of New York, many of whom would be very happy, like their fellow citizens in Tennessee, to have more of such facilities. Would the gentleman from Tennessee prepare to vote an appropriation for the Federal Government to establish a power plant in the city of New York so that we, too, might get cheap, subsidized power?

Mr. KEFAUVER. I will say to the gentleman that as far as I am concerned I would be perfectly willing to see the gentleman's city of New York, if the facilities were needed there, and if his area needed developing like the Tennessee Valley, have a similar project. As a matter of fact you have done a very poor job in New York in harnessing the power of your rivers.

Mr. COUDERT. Of course, cheap electric power is desirable anywhere. I take it the gentleman's position is that he is for the Government's supplying electric power to the entire United States at the expense of the taxpayers?

Mr. KEFAUVER. Your idea that this is subsidized power at the expense of the taxpayers in the long run is a mistaken one. I am certain the gentleman is aware that the power part of TVA is self-liquidating. Whether we agreed with the TVA in its original conception, and personally I did agree and have supported the Tennessee Valley Authority all the way through, we have the accomplished fact that the Tennessee Valley Authority is in existence, that it is the sole supplier of power for this area, and it is either a matter of whether we want the area to continue to make progress, whether we want it to make a contribution to the entire Nation and pay back this amount itself, or whether we want to put an economic limit on one section of the Nation to the prejudice of 5,000,000 people and to the development of that section.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield to the gentleman from Mississippi.

Mr. RANKIN. Let me say to the gentleman from New York that I was one of the men who has favored from the beginning the development of the St. Lawrence water power. If you do that and use it as a yardstick and break those rates down in New York, those people can get power at reasonable rates.

Mr. COUDERT. Mr. Chairman, will the gentleman yield to permit me to answer the gentleman from Mississippi?

Mr. KEFAUVER. I yield.

Mr. COUDERT. We are talking about steam plants and not water power.

Mr. RANKIN. I was afraid of that.

SECTIONAL PREJUDICE REGRETTED

Mr. KEFAUVER. Mr. Chairman, we are not going to get anywhere as a nation and certainly Congress is being very short-sighted if we bring into play sectional prejudice. When we say that be-

cause something is not taking place in another part of the United States that no one should have this advantage, we are being very short-sighted. Certainly the harbors of the East, the great western projects of irrigation and flood control, as well as flood control in the Mississippi Valley, all of these advantages directly affect the welfare of the whole United States. We of the South do not begrudge the benefits you have secured. We are glad to cooperate in your advancement. Should you now wish to stifle and kill our progress? You do that if you oppose this steam plant.

The private-power lobby and their allies are making the irresponsible assertion that this area has been unfairly favored by the Federal Government. They are invoking the antiquated superstition that industrial growth in one part of the country means industrial stagnation in another. Their representatives are claiming that TVA is soliciting industries to move from other sections of the country to the Tennessee Valley.

Neither charge is true. The Tennessee Valley has not been singled out for Federal attention. Rivers and harbors have been developed all over the Nation at public expense. Hundreds of millions of dollars have been spent that navigation channels could be provided. Flood control has been promised to other valleys, and millions of dollars are spent each year to keep that promise current. Soil conservation and reforestation are not new activities for the Federal Government to undertake. Vast quantities of power have been produced by Federal Government expenditures, particularly on the rivers of the West. Almost from its beginning the Federal Government has made annual appropriations to create a climate in which the private enterprises of the people can prosper. River control was late in coming to the Tennessee Valley. The benefits have been substantial and they have been swiftly realized. That is the only difference. The objective of all TVA activities was to promote such benefits, obtain just such results. Not only does the region benefit, as other regions have; increased national prosperity has resulted just as the sponsors of the TVA Act hoped it would.

The new businesses locating in the Tennessee Valley are not moving from other areas. They are fulfilling the expectations set forth in the TVA statute which directed that ways and means should be sought for "the application of electric power to the fuller and better balanced development of the resources of the region."

It is more than a theoretical position. During the war when the WPB ordered the plant capacity of these customers increased, TVA officially protested the decision and urged instead erection of a plant outside its power service area at a location where the more extensive Florida reserves could be utilized in order that the smaller deposits of Tennessee could be conserved. Its advice was not accepted. The national emergency prevented a decision TVA believed to be in the national interest. It seems to me that this Congress ought to spurn the

iniquitous effort of Purcell Smith, the head of the private power lobby, to play one section of the United States against the other. We all know that in the United States anything that helps one section of our country is going to help the whole country. Likewise, anything that damages 80,000 square miles and 5,000,000 people of our population is going to damage the whole United States.

PROGRESS IN TENNESSEE VALLEY HELPS ALL SECTIONS

There is one thing that I think some of the Members from industrial sections outside of the Tennessee Valley ought to bear in mind, and that is that these generators, this equipment that goes into the hydroelectric plants and steam plants in the Tennessee Valley, which are eventually paid for by the purchasers of power in the Valley, is made in other sections of the United States. The making of this equipment gives employment to people at Schenectady, N. Y., and at the Allis Chalmers plant in Milwaukee. Statistics show that every State in the Union makes some contribution to the equipment and to the articles that come into the Tennessee Valley as a result of this development.

Only today, Mr. Chairman, I had the opportunity of talking with a newspaperman from Memphis, Dick Wallace of the Press-Scimitar. He said that he had been on a trip in upper west Tennessee, in Gibson County, and that the great thing the people were thinking about and wanted was cream separators, fridges, electrical equipment, and farm machinery, in greater amount, if they could only have the electricity and the electric power to operate them. Those things are made largely in other parts of the United States. It is going to help give jobs to your people and to build up the entire economy of our Nation if only you do not nip our growth in the bud.

Another example, last month in the National Geographic Magazine the small item of fishing equipment and tackle was mentioned. There was a discussion and a pictorial article about how the lakes of the Tennessee Valley had helped the manufacturers of fishing equipment. Some manufacturer in the Chicago area gave great credit for the increase of business to development of this section in the South.

Gentlemen, this proposition of not appropriating money for this steam plant is the most dastardly disregard of the national interest on the part of private power trusts that I have ever known. Here we are with coopeartives and municipalities which have invested millions of dollars of their own money in partnership with the Federal Government faced with the possibility of not having power to furnish their customers and retire their indebtedness. Here are industries which have been built by the United States Government for our own defense, such as the atomic-energy plant and many others, which may be faced with the emergency of not having enough power to carry on for our national defense. There are other industries. Mr. Purcell Smith says, "Let them build their own steam plants." They are producing aluminum and other things so

vitality necessary now. Yet the power lobby would so completely disregard the national defense as to deny this money, even though the people of the valley eventually are going to repay it. I think Mr. Purcell Smith and his private power group would do better to spend some of that \$250,000 a year trying to give better service to their own customers instead of using it as a slush fund in trying to kill this worth-while project. I know they would thereby accomplish more for the good of the Nation. As a matter of fact, even the Arkansas Light & Power Co. and other private power companies are short of power themselves. They want power from the TVA to operate aluminum plants. Yet the lobby has the audacity in the face of the needs of our national defense to say that this appropriation should not be granted.

WE CANNOT PLACE OUR FUTURE AT MERCY OF
PRIVATE POWER LOBBY

I said in the beginning that this was not only a matter of importance to the State of Tennessee, but it was important to the whole Nation. The attempt here is—and we all know that our economy cannot operate unless we have electric energy—the attempt here is to let the private power lobby say how much development we can have in this country. It affects the great western projects. It affects all the power projects all over the United States which are going to be curtailed and cut down to what they say they can have. Are we going to really develop the great natural assets of this country, or are they going to allow our progress to be curtailed and cut down?

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. KEFAUVER. I yield.

Mr. PLOESER. Naturally I assume the gentleman is speaking for himself?

Mr. KEFAUVER. I am speaking for myself, but I think I am speaking the real sentiments of most of the Members.

Mr. PLOESER. Certainly the gentleman does not mean to impugn the motives of all the Members of Congress. The gentleman knows that we make our decisions individually as we see fit. If those decisions are influencing the gentleman, I am sorry—I did not know. But who is the gentleman speaking for—is the gentleman speaking for himself?

Mr. KEFAUVER. I speaking my own sentiments, I will say to the gentleman.

Mr. PLOESER. I just wanted to be sure.

Mr. KEFAUVER. Mr. Chairman, this is not a partisan matter. Politics or partisan consideration should play no part in this determination. The gentleman from Tennessee, Judge JENNINGS, who just addressed the House, represents a district which I imagine has more industries and more people dependent on the successful operation of the Tennessee Valley Authority than any other. The gentleman from Tennessee [Mr. PHILLIPS] on the majority side, has a similar district, the very life of which is dependent upon having a sufficient supply of electric power. Both gentlemen happen to the Republicans. The same is true of many other sections of the country. This is not a Democratic or a Republican matter. It is a question of

whether we are going to accept what has already been done with the Tennessee Valley Authority as the supplier of power in this section and give this section a chance to go forward, or whether we are going to resort to sectionalism and say, "No; you cannot have any more. We will put an economic lid on your profits in the future." What will that lead to if we adopt that policy all over the Nation?

In the final analysis it seems to me that this is a matter of whether we are going to turn our future economic destiny over to private power trusts or whether we are going to assert ourselves and really try to use the assets of this great Nation, particularly at a time when we need to use those assets for our own welfare and for our own protection.

Mr. Chairman, another point which I think should be stressed is that this is not a grant. This is not like a WPA project or a PWA project, where the Federal Government is giving away the money it is never going to get back. The Congress has already enacted into law a schedule for the amortization of the TVA's investment in power projects. Every cent of this appropriation will of course be charged to power, and in a period of 40 years, under an amendment passed in the last session of Congress, this money will have to be repaid to the Federal Government. But every dollar spent now in this project is going to mean greatly increased employment in other sections of the United States. It is going to mean further development of this area. It is going to mean that we have some cushion of power for national defense, which is so greatly needed.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. KEFAUVER] has expired.

(Mr. KEFAUVER asked and was granted permission to revise and extend his remarks.)

Mr. PLOESER. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Tennessee [Mr. PHILLIPS].

Mr. PHILLIPS of Tennessee. Mr. Chairman, at the outset of my brief remarks, I wish to express my appreciation for the action of the committee in having approved the total amount of money recommended for the construction of the Watauga Dam and the South Holston River Dam. As a Representative from the First District of Tennessee, I am happy that the committee has seen fit to approve the amount of \$15,142,000, which is necessary for the continued construction and furtherance of the two dams which are located in the district which I have the honor and privilege to represent.

The Tennessee Valley Authority is a corporation created by act of Congress on May 18, 1933. It was established to improve navigation and to provide for flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of the valley; to provide for the national defense, and for other purposes. The Tennessee Valley Authority has accomplished these purposes by developing

dams and reservoirs in the Tennessee River Basin and its tributaries. It has engaged in the generation of hydroelectric power.

I have had an opportunity to observe the advancement and progress that has been brought about by the development of the Tennessee Valley Authority. There has been some question raised on the floor of this House concerning the power of the Congress to appropriate money to build a steam plant for the development and sale of power. In the early history of TVA many cases were brought into the courts of this country touching on different phases of the power program. The legal authority for the TVA has been established long ago by the Supreme Court of the United States. The legal battles have been fought out in the courts of America, and there is no question about the legal authority for the existence and continuity of the TVA. The constitutional authority to promote the general welfare in the interest of national defense is well established by the courts of this country.

The original act was established for the purpose of flood control, navigation, soil conservation, national defense, and other powers incidental thereto. Under the Constitution, by implication and my implied powers, it follows that a Government corporation can do the necessary things that are incidental to the carrying out and completion of the program as provided and set out in the original act of Congress. It would seem to follow that it has long been recognized that TVA can sell surplus power to commercial establishments, and therefore, in order to keep a continuous flow of power, the erection of a steam plant within the area of the TVA is a logical, necessary, implied power of the TVA Act. It is necessary to have a secondary source of power in order to adequately supply the needs of the people of that great area. A steam plant will guarantee a continuous flow of power during a time when hydroelectric power may be curtailed in production because of dry weather or a drying up of the source of power of water in the dams which produces electric power.

There is no new departure in this procedure. The Congress from time to time has appropriated money to develop the great highways of this country. We have developed the forests and waterways of America. The Congress has appropriated money to develop the rivers and harbors and canal service to accommodate the commerce flowing from the great cities, not only on the eastern seaboard, but throughout America. We as a nation have encouraged the development of the great reclamation service of the West, which has produced fertile soil where fruits and vegetables and farm varieties now grow, which was at one time a place of poverty and wastelands. These great areas have been turned into intensive and productive agricultural areas, all of which has added to the wealth of the West. Likewise I have seen great development in agriculture, soil, progress and happiness of the people in the Tennessee Valley. More than 5,000,000 people depend upon the TVA for power. A great area con-

sisting of approximately seven States is affected by this great national development. We cannot, as a Congress, allow this great number of citizens to be deprived of the necessary power to run their industries, operate their factories, furnish power for their municipalities, for their farm organizations, nor should the people be denied the necessary amount of electric power to supply light and power in every rural home. Since the TVA is situated in the general area where the TVA operates, then there is no other source of electric power, and it is up to the Congress to appropriate the necessary money to build and develop power facilities, which will guarantee a constant flow of power to meet the needs of the people in question.

We are not dealing with a local problem, but it is one of national concern to everybody throughout this Republic. The Congress recently appropriated the necessary funds to create a 70-group Air Force. We are living in a day and time when the maintenance of a large Air Force which can be supreme in the air is the best guarantee to our national security and proper defense. Electric power is necessary to build up a strong Air Force. We must not forget that in this general area we have the atomic-bomb plant at Oak Ridge, together with the aluminum plant at Alcoa, Holston Ordnance, and Tennessee Eastman at Kingsport, as well as the North American Rayon and Bemberg corporations at Elizabethton, Tenn. All of these industries played a vital part in the production of war material during World War II. We must not allow our supply of power to be depleted, and then at some future date find ourselves in need of a source of electric power, which we may not have if we do not take the necessary precautions now to produce power.

The national defense of this country is not a sectional problem. It is true that some sections of America have more industries and more taxable property, and because of their ability and prosperity there naturally falls a heavier burden of taxation upon these people, but this Republic must be maintained and saved, and must be built strong and powerful. In time of danger men and women from Alabama, Kentucky, Tennessee, North Carolina, and other States fall in line alongside with the people from New York, Connecticut, Illinois, Massachusetts, California, and Texas, as well as every State in the Union, to answer the call of our country, and rush to the defense of this Republic. There is no private utility in this great area that can give to the people the necessary power, and it is my conviction that it is the responsibility of Congress to see that in the interest of the national well-being, that there is not a ceiling placed upon the progress and advancement of this great area in America.

(Mr. PHILLIPS of Tennessee, Mr. GORE, and Mr. MAHON asked and were given permission to revise and extend their remarks.)

Mr. MAHON. Mr. Chairman, I ask unanimous consent that all Members

who have spoken on the bill this afternoon may have permission to revise and extend their remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MAHON. Mr. Chairman, I yield 15 minutes to the gentleman from Mississippi [Mr. RANKIN].

(Mr. RANKIN asked and was given permission to revise and extend his remarks.)

[Mr. RANKIN addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. PLOESER. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read the bill down to and including line 6 on page 1.

Mr. PLOESER. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GRANT of Indiana, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 6481) making appropriations for Government corporations and certain independent agencies for the fiscal year ending June 30, 1949, and for other purposes, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. ARNOLD (at the request of Mr. PLOESER) was given permission to extend his remarks in the Record and include a magazine article.

Mr. JENNINGS asked and was given permission to include in his remarks made in Committee of the Whole certain excerpts from statutes and decisions of the Supreme Court.

Mr. McCORMACK at the request of Mr. PRIEST) was given permission to extend his remarks in the Record in two instances and include in one an editorial from the Boston Herald and in the other the text of the President's address to the National Conference on Family Life.

CORRECTION OF ROLL CALL

Mr. SCHWABE of Missouri. Mr. Speaker, on roll call No. 57 today, I am recorded as not having voted. I was present, Mr. Speaker, and voted "aye," and ask unanimous consent that the roll call be corrected accordingly.

The SPEAKER. Without objection, the Record and Journal will be corrected accordingly.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. LANE (at the request of Mr. GORE), for May 10, 11, 12, and 13, on account of illness.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from South Carolina [Mr. BRYSON] is recognized for 30 minutes.

AMERICAN COTTON AND THE ACHIEVEMENT OF THE PEACE

Mr. BRYSON. Mr. Speaker, today the House Committee on Armed Services begins hearings on S. 2376 which provides a revolving fund for a revival of textiles in Japan.

I respectfully call attention to this important measure, now passed the Senate, and urge its speedy adoption by the House.

The meaning of cotton is known well by my constituents and their neighbors in the South, but to far too many people, including many of our national leaders responsible for the well-being of our Nation, the true meaning of cotton is unknown. In the least, for them it is another of those God-given essentials accepted without thought and with indifference.

Unlike those of us who have grown up among cotton, who have worked with it, and whose whole way of life is based upon it, those who see it in the indifferent light cannot comprehend its importance.

True, they wear it, sleep in it, and on it, and even eat many products derived from it. The tires which enable their automobiles to ride smoothly contain cotton fiber, and the stuffed chairs they sit in in comfort are made comfortable by cotton. Great public buildings and great public benefits are paid for fully or in part by taxes growing out of income from growing and sale of cotton, and from the production and sale of textiles.

Cotton is one of the great bases of our national economy. It means comfort and warmth. It means livelihood for millions. All this, and so many never give it a thought.

Take cotton away, and they will think about it. They will think about it, and cry over their great loss. But we cannot take cotton away simply to wake up a Nation to its importance. To be without it would be tragedy. However, we can point out its importance, and point a strong finger to those circumstances and individual acts which tend to take cotton away.

Any individual or any action which will hurt the American cotton industry and those millions whose very way of life is dependent upon it is, in a strong sense, taking cotton away.

Today, as we are attempting to unscramble the mess we call our world—a mess made by the teutonic and oriental aggressors—on the horizon of time appears a menace to American cotton, revival of the Japanese textile industry.

It is a truth that we must restore Japan economically in order to obviate the costly burden we now carry in supporting that nation. It is also true that such restoration of that nation is essential to the peace of the world. However, it is not a truth that we must do all that to the detriment of our own Nation and of our own people.

I cannot at the moment think of a better nor a more effective method of stating the problem than by restating the comments made in the other body when S. 2376 was being debated:

At the outset the Japanese volume may be relatively insignificant, but when we let

down the bars and establish a precedent there is no telling how fast it will grow. Furthermore, Mr. President, if the Japanese demonstrate that they can find American dollars here at the expense of the American market, it will encourage every other impoverished nation in the world to do likewise, and we shall soon reduce our domestic market to a veritable hodge-podge of foreign merchandising throat cutting which will demoralize the nearest, biggest, and best market the American farmer has for his cotton, and the result will be a steady elimination of thousands of jobs of our American textile workers.

Quite often, when the protection of the well-being of our cotton and textile production and markets is being discussed, and ways of devising such protection are put forth, one hears comments about the cotton bloc, the southern bloc, or the special interests, and many other such erroneous labels applied to the champions of cotton.

It is not a question of the cotton bloc wanting, or a case of the special interests wanting. It is not a regional problem, either. It is a national problem in which every man, woman, and child in the United States, whether from South Carolina or Oregon, from Georgia or Maine, has a definite interest. Ruin the prosperity of cotton and you ruin the prosperity of our Nation. Throw thousands of cotton and textile workers out of employment and you throw millions of other Americans out of work and precipitate another depression.

All I am doing here today is calling for foresight and early planning to protect our national economy. It is not hard to realize that if we permit the Japanese textile industry to invade our markets and undersell us in competition, that many more than the farmers growing cotton and the workers producing textiles will suffer. The garment worker in New York will lose his job. Those people engaged in selling and transporting textiles will have to close shop; and the millions of people who sell services and luxuries—the laundrymen, bakers, cab drivers, theater people by the hundreds of thousands—will lose out simply because the unemployed cannot afford a fine standard of living which permits luxuries and services.

No; I repeat, it is not a regional problem. It is not simply the problem of the cotton and textile workers and producers. It is every American's problem.

I have been told I am speaking too early in the game, and I decry that thought. Our worst national characteristic is indifference—refusing to recognize the handwriting on the wall—always doing too little too late. Now, and I mean right now, is the time we should take care of this grave matter. Not 5, 10, or 20 years from now when it ceases to be a national problem and develops into an international catastrophe.

Recently I took part in a discussion on the matter of restoration of Japan's industries and listened to an individual brimming with good will for our enemy. The war was over, he stated, and what was done was done. It was not their fault, really. Circumstance, you know. And now what we should do was make things easy as possible for them to restore their economy, become prosperous,

and maybe they would forget the scars our bombs left.

The gentleman who had come to love the Japanese so well took ardent exception to the idea of protecting American markets from invasion by a restored former enemy. He claimed that such thinking was placing selfishness against humanitarianism and consequently was laying the foundation for future conflict.

I disagree completely with such philosophy. It is weak at the seams; the argument will not hold water.

The concept of laying protective ground work now in controlling the reestablishment of the Japanese textile trade is not selfishness versus humanitarianism. It is the application of practical humanitarianism. What is proposed is to restore the Japanese textile industry to alleviate us of the burden of paying the way of our former enemy, but doing it in a manner that will not provide detriment to our own national economy.

Japan should be provided with access to the natural Japanese markets—China, Siam, India, Indochina, Formosa, and others, but should not be permitted to compete with and undersell the American producers in American markets.

I know that to the uninformed this might sound monopolistic, greedy, dictatorial, and unfair. However, it is Japan who has the unfair advantage in the long run, and could successfully beat the American producers in competition, hands down.

The American textile worker's base wage is a dollar or better an hour. The Japanese worker will accept a small fraction of that amount. Consequently, in cost of labor alone the Jap is provided the means of underselling the American.

Coming from the largest textile district in the world and representing cotton-growing and textile-producing constituents, I know they will not accept a reduction in their graceful way of life simply because of fallacious theories concerning this vital matter. They are practical people. I know. I worked in the cotton mills of my district for many years, and I know the textile worker and his family to be as strong as the strongest fibers they produce. They are good Americans. They work hard all their lives, and are proud of the essentials and luxuries they produce. They are proud of their contribution to the good way of life and our high standard of living. They want that standard even higher, better, and more comfortable. They will not be undersold, and they will not condone in their leaders lack of foresight and protective planning. As I said before, they are practical people.

As their Representative and as one of them, by inclination, interest, and duty, and in behalf of each and every one of them—whether cotton-growing farmer, spinner or weaver, investor or owner—I am forced to state that I do not believe our officials who are charged with the responsibility of restoring Japan are aware of the gravity of the textile situation. I agree with the statement made in the other body that—

Probably the principal reasons for the failure of our governmental agencies to exhaust the normal market resources in the Orient are the inability of any army to convert itself into a skilled, expert merchandising organization; the tendency of a Government department, inexperienced in selling, to seek the easy, simple method of allocating goods to countries rather than selling them to private interests which operate professionally in the field; and possibly the attitude of our allies who have interests in the oriental markets, and who may be reluctant to cooperate with us in the rehabilitation of Japanese industry, which we as lovers of democracy know is absolutely necessary for peace and security of the world.

No; I do not believe those people have either the experience or the capacity to permit the good, protective job to be done. It is heartening to observe the activity of two of my constituents, Dr. William P. Jacobs, president of the American Cotton Manufacturers Association, and Mr. Fred Symmes of my home city Greenville, S. C., who along with Mr. Donald Comer, of Alabama, in their mission to Japan, studied the Japanese textile industry and the problems involved in its restoration. With a lifetime of experience behind them these three gentlemen are well equipped to deal with any phase of the textile problem.

It is even more heartening to read the report resulting from that mission, the recommendations of which if accepted and followed will go a long way toward restoring Japan and at the same time protecting the welfare of our Nation.

Dr. Jacobs' committee recommended a revolving fund from the United States Congress for working capital to purchase American cotton for export to Japan in order to provide them with the raw materials they need for their textile production.

That recommendation is contained in the bill S. 2376 now before Congress, providing a revolving fund of \$150,000,000, and its early passage will enable the Japanese to sell their textiles in Oriental and colonial markets which have dried up because of the dollar shortages.

The members of the mission also recommended that General MacArthur add skilled textile salesmen to merchandise Japanese textiles under his direction and in cooperation of the Japanese Board of Trade, the Japanese Spinners Association and the leaders of the Japanese textile industry. Merchandising cotton goods requires resourcefulness, ingenuity, freedom of action and quick decisions, and these textile specialists should be given all the latitude possible in their operations. The American cotton textile industry will help out in this, nominating staff members for this merchandising effort.

American methods are what those people need to become self-sustaining, and our American textile people can show them how, and will be happy to do it. That is practical humanitarianism, not conversation.

I will go the mission one further with a recommendation of my own in this matter. I recommend that this Nation provide a "textile watchdog" to cover the planning and operations which go into the restoration of the Japanese textile industry and marketing.



DIGEST OF CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

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HIGHLIGHTS: Senate committee reported bill to provide payments to States on value of national-forest lands therein. House passed Government corporations appropriation bill. Rep. Gross criticized USDA administration. Rep. Gillie discussed progress in the foot-and-mouth disease campaign. Rules Committee cleared omnibus flood-control bill.

HOUSE

1. GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1949. Passed without amendment this bill, H.R. 6481 (pp. 5740-63, 5792). For provisions of the bill see Digest 83.
2. U.S.D.A ADMINISTRATION. Rep. Gross, Pa., criticized this Department's administration, particularly in relation to the program on surplus commodities, and inserted a York (Pa.) Dispatch editorial on the subject (p. 5734).
3. FOOT-AND-MOUTH DISEASE. Rep. Gillie, Ind., discussed the progress of the foot-and-mouth disease campaign and commended cooperation between the various committees on this problem (pp. 5792-4).
4. FLOOD CONTROL. The Rules Committee reported a resolution for the consideration of H.R. 6419, the omnibus flood control bill (pp. 5764, 5795).
Received from the Chief of Engineers, Army Department reports of examinations on the Missouri River (H.Doc. 642); rivers, lakes, and canals of central and southern Florida (H.Doc. 643); Pillar Point, Halfmoor Bay, Calif. (H.Doc. 644); Mystic River, Mass. (H.Doc. 645); and the channel at Charleston, South Slough, Ore. (H.Doc. 646) (p. 5795).
5. LEGISLATIVE BRANCH APPROPRIATION BILL, 1949. The Appropriations Committee reported this bill, H.R. 6500 (H.Rept. 1906) (pp. 5736, 5795). The bill includes funds for GPO, Library of Congress, Botanic Garden, Legislative Counsel, con-

staffs, etc., and contains a new proviso prohibiting payments to employees who belong to unions the officers of which have not filed non-communist affidavits. The Committee report includes the following statements:

"It may be stated that the bill carries no funds for penalty mail costs under the Act of June 28, 1944, consistent with the recommendations of the committee and the action of the House in eliminating funds for such costs from all appropriation bills recently reported."

Library of Congress: "With respect to the numerous other increases for additional positions to expand present activities or to set up new services, the committee has taken substantially the same position as it took a year ago. At that time it was clearly stated that one of the principal reasons for disallowing the very substantial expansion proposed by the Library was the committee's firm opinion that the Library should be held to its current level until such time as the Congress, by appropriate legislative action, comprehensively spells out the future role and status of the Library. The Library has gradually evolved over the years to the point where it functions in many respects as a national library. The basic question is simply whether the Library is to continue to expand its elaborate and numerous services, or continue at approximately its current level and on its present basis, or whether it is to function as a library primarily for the benefit of the Congress and governmental agencies. Until that question is resolved through appropriate legislative processes and action, it is the present intention of the committee to continue to deny proposals for enlarging present services and for establishing new services and activities."

Motion-picture project: "This committee expressed the desire that before another budget was presented, the whole matter of maintaining a motion-picture activity in the Library should be restudied with view to determining the extent to which it is practicable for the Government to carry on this kind of activity and whether or not the Library of Congress is the logical agency for administration, if it is determined that the expenditure of public funds for such purpose is necessary. It was testified in the hearings this year that the Library expects to be ready at an early date to present proposed legislation on this subject for consideration by the appropriate legislative committee. It is the opinion of the committee that whatever incidental and minor costs may be entailed in looking after the collection in the meantime should continue to be met from the main appropriation of the Library rather than setting up a special appropriation as proposed in the budget estimates."

Office of Superintendent of Documents: "This Office proposed several increases involving approximately 62 additional employees and, among other things, a program of establishing regional publication sales stores throughout the country. The committee has denied these requests and has provided in the bill an increased sum approximating the amount required to meet statutory pay increases.

"For general expenses of the Office, the committee is recommending \$600,000 in lieu of the budget request of \$608,100. Within the amount granted it will be possible for the Office to make certain installations which are expected to result in more economical and efficient handling of its business.

"The committee has been inquiring into the methods of accounting for the annual appropriations of the Public Printer and made the following statement in the report on the first deficiency bill:

"The committee was appalled to learn that the accounting system at the Government Printing Office has not recognized appropriate differentiation between fiscal years either with respect to congressional printing and binding, or work done for Government departments. A thorough investigation of this situation is now being conducted by the committee and will be made the subject of further comment in connection with the legislative appropriation bill for 1949."

History is replete with accounts of the destruction of great civilizations by barbarian nations. Following the Roman conquest and Christianization of Britain, there flowered in England, in the fourth and fifth centuries, a civilization found elsewhere only on the shores of the Mediterranean and unsurpassed in the British Isles in the next 500 years. We are still uncovering in archeologic sites in the vicinity of London remains of temples and villas with tassellated pavements equaled nowhere save in Rome itself. Yet when the Saxons landed they swept through England, ravaging, burning, and murdering in an orgy of extermination so thorough as to leave no trace of Latin or Celtic speech, law, or religion. Barbarians so primitive that they would burn a Roman villa and stretch their skin tents for shelter beside the ruins, had extinguished a civilization which would have saved the British race centuries of groping in their upward struggle to achieve even medieval economy.

Again, in the thirteenth century when Chinese civilization was centuries old—and, according to Macaulay, cultured Chinese philosophers drank tea from teakwood tables while our contemporary English ancestors were wearing skins and living in caves, Genghis Khan with his nomadic horsemen, only one degree removed from stark savagery, destroyed every major city and left the land a depopulated desert whose rivers flowed with blood to the sea.

I am certain no one has ever stood on the Acropolis and viewed the magnificent ruins of Periclean Athens without experiencing a poignant grief at the thought of the beauty and artistic splendor so ruthlessly obliterated by the barbarian hordes who extinguished not only the light of a great civilization but a race and a nation as well.

Pericles and his age developed an art which is unequaled even today. They founded a democratic government which through many intermediate steps is the progenitor of our own form of government. But they overlooked one essential. They did not develop simultaneously a means of defending either civilization or government.

If along with their matchless statuary and architecture they had instituted research which would have given them one single plane or tank or machine gun, or comparable weapon of defense, they could have held at bay all the savage forces of the avalanche that overwhelmed them.

Let us take a lesson from the past. It is a lesson often repeated and bitterly emphasized. Our cities pyramided by skyscrapers and filled with the wealth of the world are no defense against predatory marauders armed with the latest scientific weapons. Our marts and laboratories and libraries and blazing furnaces mean nothing in a battle of extermination unless we utilize them in the creation of effective agencies of defense.

Let us not be lulled to sleep by the thought that our wealth and preeminence in industry render us invincible. There are hungry plotters upon the globe that do not sleep.

Today Russia has 170 divisions armed, trained, and ready to move at 6 o'clock in the morning. Her satellites have 95 additional divisions ready for immediate service. There are a total of 265 divisions.

How many do we have to meet them? We have nine. And we are told that at any time, with or without notice, Russia can within 30 days sweep the Continent.

Mr. OWENS. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Illinois.

Mr. OWENS. From whence does the gentleman get the figures about Soviet strength?

Mr. CANNON. The figures are authenticated from the highest sources. The War Department advises me this morning that we have nine divisions. They placed no restriction on the information, so I may add that they say the nine divisions can be expanded on short notice. So can the Russian divisions be expanded.

Gen. Omar N. Bradley, Army Chief of Staff, testified before the House Armed Services Committee, on April 14, that Russia has a standing army of 170 divisions plus 95 satellite divisions—and in 60 days can expand them to 300 divisions plus 100 satellite divisions. That is 400 divisions to our 9. Why should Russia wait if we permit our air power to deteriorate?

If war should be precipitated the first test would come in the air. It would be a battle for control of the skies. Germany was through when we took over the air. And we will be through when any enemy secures control of the air above us.

No matter how many atomic bombs we have—we may have atomic bombs stored away by the thousands—but unless we can deliver those bombs to the target in the heart of the enemies' country—thousands of miles away—punctuated by unseen antiaircraft guns and patrolled by jet propulsion planes—they serve only to give us a false sense of security which will be dispelled only when clouds of enemy planes begin to blot out sky and earth and American civilization.

The airplane is the supreme weapon. It is the controlling, dominating, and decisive weapon of any war. And in adopting this conference report today we are making belated provision for a storm which within the range of possibility may break at any minute.

We had 90,000 planes at the peak of our air strength at the culmination of the war. Not one of those planes would be able to stay aloft against modern enemy planes which will be in the air by the close of this calendar year. A jet propelled plane can run rings around the fastest plane we had at the close of the war.

Even with the enlarged program initiated by the pending bill we will not be able to deliver a thousand jet propelled planes before 1951. And Russia is already building a thousand planes a month.

Mr. KERSTEN of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Wisconsin.

Mr. KERSTEN of Wisconsin. I wish to commend the gentleman for his recognition of the fact that the airplane is the real potent weapon of defense these days and for his commendation of the adoption of this conference report.

Mr. BRADLEY. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from California, who rendered distinguished service in the war Navy, and whose beaches would be among the first objectives in a hostile air raid.

Mr. BRADLEY. Does the gentleman's enthusiasm go so far that he would advocate doing away with the Army and the Navy?

Mr. CANNON. I regret to say I have no enthusiasm on the subject. Quite the contrary. It is not a situation which engenders enthusiasm.

As has been said, our armed forces are like a three-legged stool, Army, Navy, and Air, and would not be serviceable without any one of the three legs.

But adequate air power is indispensable. Even the Navy, in which the gentleman from California served with such distinction, would be sadly ineffective in modern warfare without auxiliary planes.

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. CANNON. Mr. Speaker, I ask unanimous consent to proceed for one additional minute.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON. Mr. Speaker, when Russia occupied Germany the German engineers had just designed an improved submarine which could stay under water indefinitely, recharging its batteries under the surface, and with a cruising range which would permit it to stay out for months at a time. Russia took over the shipyards, shipwrights, and all personnel and equipment, and ever since has been steadily turning out submarines at top capacity. The old-type submarines gave us plenty of trouble during the war. They completely closed Atlantic sea lanes to tankers and produced a serious oil shortage along the eastern seaboard. We can imagine what the more and improved subsurface craft would do in another war. Of course, that would be a task for the gentleman's branch of the service, and as it is no longer necessary for the submarine to surface periodically, the technique is for airplanes to spot submerged submarines from the sky.

So, in the last analysis, the airplane is the supreme war weapon. And in adopting this report with a program for enlarged air power we are taking timely precaution to meet a situation the seriousness of which cannot be too strongly emphasized.

And may I say, Mr. Speaker, that the action of the Congress in adopting this policy and passing this bill has not gone unnoticed. Already it is having an effect on international relations, as is evidenced by the sudden reversal of diplo-

matic policy by Russia and the surprising suggestion for a conference with a view to peace.

It remains to be seen just how sincere the proposal is. Judging by past experiences, it is merely a delaying maneuver. But the chances are that it would never have been proposed but for the change in air policy implemented by this bill.

So, in passing a bill ostensibly to create an agency of war, let us hope that we are actually passing a bill which will demonstrate to hostile nations the hopelessness of any dream of subjugating America—and that we are passing, to that extent, a bill to contribute to the establishment of early and enduring peace.

EXTENSION OF REMARKS

Mr. VAN ZANDT asked and was given permission to extend his remarks in the Appendix of the RECORD and include a speech he made.

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1949

Mr. PLOESER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 6481, with Mr. GRANT of Indiana in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TENNESSEE VALLEY AUTHORITY

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U. S. C., ch. 12A), including purchase (not to exceed one, for replacement only) and hire, maintenance, repair, and operation of aircraft; the purchase (not to exceed 270, of which 220 shall be for replacement only) and hire of passenger motor vehicles, \$27,389,061, to remain available until expended, and to be available for the payment of obligations chargeable against prior appropriations, together with the unobligated balance of funds heretofore appropriated, of which not to exceed \$21,689,000 shall be available for capital expenditures, including construction of dams, additions, and betterments to completed multiple-use facilities, investigations for future projects, chemical facilities, and facilities and equipment for general use.

Mr. GORE. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. GORE:

On page 2, line 9, strike out "\$27,389,061" and insert "\$31,389,061."
Line 13, strike out "\$21,689,000" and insert "\$25,689,000."

Mr. GORE. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. PLOESER. Mr. Chairman, reserving the right to object, we would like to get an agreement at this moment, not regarding the over-all time for debate on this amendment, but giving the author of the amendment his 10 minutes and that a Member on this side be permitted to have 10 minutes, everybody else speaking on the amendment to restrict themselves to 5 minutes. We suggest that because of the fact the business of the day is heavy and we want to expedite this matter as much as possible.

Mr. MAHON. Mr. Chairman, reserving the right to object, the unanimous consent request should, of course, include a request that this time not be taken out of the time of the gentleman from Tennessee [Mr. GORE].

Mr. PLOESER. It cannot, because the gentleman has not been recognized.

Mr. MAHON. I think it would be well to have 10 minutes on this side and 10 minutes on the gentleman's side on this amendment, and when the unanimous consent request is granted, then it will be in order to request further time.

Mr. PLOESER. May I ask the Chair if it is possible to get unanimous consent agreement on that?

Mr. GORE. Mr. Chairman, if the gentleman will yield, if the gentleman wishes to take that position, all that is required is to make the statement that beyond the two 10-minute periods he will object to further requests.

Mr. PLOESER. I would prefer not to be put in the position of a perpetual objector. I would rather have the agreement of the committee on that. If the gentleman will yield to me to make a unanimous consent request at this time, then, Mr. Chairman, I ask unanimous consent that the author of the amendment be permitted to speak for 10 minutes and that one member on this side be permitted to speak for 10 minutes, and all other members speaking on this amendment be restricted to 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. GORE. Mr. Chairman and gentlemen of the Committee, the amendment which I have offered is for the purpose of restoring to the bill an amount of \$4,000,000, which was stricken out by the committee, for the purpose of beginning the construction of a steam generating plant by the Tennessee Valley Authority at New Johnsonville, Tenn.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. GORE. I yield to the gentleman from New York.

Mr. COUDERT. The gentleman uses a term that I think is misleading, namely "restoring." Does the gentleman refer to the fact that TVA asked for the fund, because the committee struck nothing out of the bill?

Mr. GORE. I mean that TVA requested and the Budget recommended the item. It is to restore to the bill the item as contained in the budget which was stricken out by the committee.

I would like to take this brief time to talk primarily to the members of the

majority party who represent in part, as we do on the minority, the people who own this largest integrated utility system in the world. Now, whether you or I or other people think that the Government should own an electric utility system or not, is a moot question. It is an established fact. It seems to me that the fundamental question then must be whether we, as representatives of the owners of this utility, should operate it in a businesslike manner, in an efficient manner.

Throughout the country there is one phrase that has a familiar sound, as I said yesterday, and that is power shortage. No major commodity has seen the increase in demand which has been the experience of electric energy. Since 1920 the use of electricity has doubled about three times. Just since 1941 we have had a phenomenal increase. In 1941 the country used 164,000,000,000 kilowatt-hours. By 1947 that had jumped to 255,000,000,000 kilowatt-hours. The experience thus far in 1948 indicates that the country will use more than 280,000,000,000 kilowatt-hours of electricity this year.

Throughout the country generating facilities are being put to sore tests to meet demand. The great private utility industry, with \$15,000,000,000 invested in their plants, have plans to increase their capacity by \$5,000,000,000 within the next 5 years. Other public-power agencies likewise have plans. So does the TVA.

Our experience in power use in TVA has been similar to that in the remainder of the country, except the increase has been more phenomenal.

To deny this utility, which serves an area of 80,000 square miles, in which more than 5,000,000 people live, and which is the sole supplier of electricity in that area, the increased capacity which it must have to meet the demands is to deny the public service concept of a utility that is accepted in each of our 48 States, and that is accepted in fact by the Federal Government through agencies created in part for the purpose of seeing to it that utilities, whether electric, whether communication, whether transportation, adequately serve their service areas.

The TVA now comes forward with a recommendation to build a steam generating plant to firm up the hydro. What do we mean by that? It is nothing new in a hydro system. Throughout the country steam plants are used to firm up the valleys, the dry seasons of hydro systems. In the beginning of TVA the ratio between steam and hydro in the Tennessee Valley was about 30 percent steam and 70 percent hydro. As hydro generators were added the ratio went down, until in 1939 Congress appropriated funds to build a large steam generating plant at Watts Bar. That raised the ratio of steam again. Since then additional hydros have been added until the ratio now is about 84 hydro to 16 steam. That is a wholly uneconomic relationship, because it allows a very large block of secondary or dump power. That is a product that must sell at cut-rate prices. It is not salable to or usable by municipalities and the REA's. They are inter-

ested only in the power that is there any time and all the time.

What are the objections? The first objection raised here is one of legality. The private utility industry has no further investment in the Tennessee Valley. Why they should be bothering us I do not know. Yet having lost all of their legal battles in all of the courts, they come to the Congress shouting illegality and unconstitutionality.

As a matter of fact, I think the TVA Act itself clearly authorizes steam plants. Let me read you just one line of section 4. It says that the TVA shall have power to acquire or construct "power houses, power structures, transmission lines," and so forth. In other places in the act the specific words "steam plant" are spelled out.

Of course, powerhouses and other power structures cannot be interpreted as excluding steam generating facilities. Indeed, a steam-producing plant is a powerhouse. So this business of illegality seems to me to be coming rather late. Congress has heretofore provided steam plants, and the question was not raised. In fact, TVA operates five steam plants now.

In order to firm up the power which is the property of the people whom you and I represent and make it worth more, additional generating capacity from steam is needed. Furthermore, it is needed in this area.

You know, it seems to me rather ironical that this move to put a ceiling on the productive potential in this great valley of America should come within the same hour that the House of Representatives has given final approval to the 70-group Air Force program. Do you know where you are going to get the aluminum in 1951, 1952, and 1953? Do you know that the TVA at one time furnished the power that was used to make 51 percent of the aluminum which went into our war planes? It takes longer to build a generating facility than it does to build an airplane factory. The real bottleneck in airplane production is the power to produce aluminum.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. GORE. I yield.

Mr. PLOESER. I think the gentleman should recall that in the closing days of the war, we had some surplus of aluminum. The gentleman will also recall unto himself, at least, that the power facilities which produced the power to produce the aluminum which the gentleman is talking about are still in the valley and have not left.

Mr. GORE. I recognize fully the truth of the gentleman's statement, but there are other factors that must be recognized. One is the increased demand of homes, stores, factories, and farmers for electricity. Even now the capacity to produce power is being sorely put to the test to meet the demand. What would happen if another emergency should again make it necessary for us to build 50,000 planes a year? Brown-outs and black-outs would be our fate.

I do hope the committee will recognize that this utility is the sole supplier of power for 5,000,000 of our fellow citizens.

It has the obligation of the utility to serve the area and I hope you will let it do an efficient, businesslike job.

Then, much has been said of preference customers. Let it not be forgotten that the Federal Government and its agencies as well as local governments and cooperatives are preference customers. Taken together, these so-called preference customers use in the neighborhood of two-thirds of the generated energy.

Without additional generating capacity, even though direct industrial customers are denied energy, we face an acute power shortage.

Mr. CRAWFORD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have read the debate and the remarks of the gentleman from Tennessee [Mr. GORE] which he presented yesterday afternoon and have had a chance to look over the committee report, to study some of the testimony on this proposition of spending \$84,000,000 for an auxiliary steam plant in the Tennessee Valley. If we accept the argument that people are there now and that people are going there, together with the argument that the Federal Government should finance an extension of this plant on 2-percent money, and that the people in my district who buy bonds and pay taxes, for instance, should buy electricity from private industry which pays around 6 percent for the money that they use in building the plants that serve the people in my district, both home owners and industrial users—I say that if we accept that type of philosophy, perhaps the day will come when every community in the United States will feel that the Federal Government should come in and furnish this power and these kilowatts in their homes and factories. It seems to me that we have now come down to the real issue on the Tennessee Valley Authority. It started out as a flood-control proposition, as a matter that would take care of navigation and floods. Communities have been built and industries have been established. When I say "industries," I mean big industries; so-called multi-million-dollar corporations; big industries. Why should they not flock to a community where the Government furnishes such facilities?

We are now being requested to step out of the field of navigation and flood control into the field of supplying a super public utility, financed by Government funds on a 2 percent interest basis, to meet the requirements of growing industry and growing population.

The gentleman from New York [Mr. COUDERT] yesterday presented some arguments. I think his presentation was brilliant from a legal standpoint. He went back into the opinions and decisions of the courts, back into the organic act and the fundamental approach to this whole proposition.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. GORE. I would like, in that connection, to point out that all of the citations given by the able and distinguished gentleman from New York [Mr. COUDERT] were statements made and opinions rendered before the act of 1939, by

which this Congress approved, authorized, and made an appropriation for the TVA to purchase all of the utility operating concerns in that area, and thereby, with the approval of Congress, become the sole supplier of electricity in that region.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. COUDERT. Let me say to the gentleman that with respect to the judicial colloquies, yes; but if the gentleman will examine the report he will see from the statement of the Senate committee, which reported out the Commonwealth & Southern bond authorization, that it thought primarily of the preferential customers in the valley, and did not agree that it was establishing an unlimited utility.

Mr. CRAWFORD. When this was before us in 1939, I do not recall that a bill of goods was sold to Congress and to the country to the effect that if the money was furnished to purchase the private utilities within a certain area, in due course this Government utility would come here and ask us to provide \$84,000,000 with which to build an expansion of this plant in the form of steam kilowatt production so as to start out on the idea that the Federal Government was going to furnish all of the kilowatt-hours required by that territory, irrespective of how big it might grow, both from the standpoint of population and industrial needs.

I think this amendment should be voted down. The \$4,000,000 has never been in this bill. It is the initial start on an \$84,000,000 job, and I am opposed to it.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. CRAWFORD] has expired.

Mr. MURRAY of Tennessee. Mr. Chairman, I rise in support of the amendment, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MURRAY of Tennessee. Mr. Chairman, I am heartily supporting the amendment which would provide an increased appropriation of \$4,000,000 for TVA for the purpose of commencing construction of a steam plant by the TVA at New Johnsonville, Tenn., in the mid-western area of the TVA power system.

The plant would have three generating units, each capable of producing 125,000 kilowatts of power. The power from the steam plant, together with the capacity of new hydro units to be installed, is absolutely essential and necessary to meet the rising demand for electricity in the TVA area resulting from the general economic growth of the region and the heavy increase in the use of electricity by residential, farm, commercial, and industrial customers.

When the TVA was established by Congress in 1933, the Tennessee Valley was one of the low-income areas of the Nation although it was richly endowed with natural resources. The per capita income was only 40 percent of the na-

tional average in 1933 and by 1945 it had risen to 58 percent of the national average.

The TVA Act expressly provides that the TVA Board is authorized to furnish and operate facilities for the generation of electric energy in order to avoid the waste of water power and to transmit and market such power. TVA belongs to the Federal Government and the TVA will pay back into the Federal Government under an amortization plan over a period of 40 years the entire cost of the construction of the steam plant.

In 1933 when the TVA began, only one farm in 28 in the Tennessee Valley had electric service. Today one out of every two farms there has electricity. In 1933 all of the farms in the area used a total of only 10,000,000 kilowatt-hours a year; last year some 300,000,000 kilowatt-hours were used on farms. From 1945 to 1947 the annual use of electricity by residential users there increased about 60 percent or from 900,000,000 kilowatt-hours to about 1,500,000,000 kilowatt-hours. In the next 5 years the use of electricity in the homes and on the farms of Tennessee Valley is expected to double.

Today there are 140 municipalities and cooperatives that are buying and distributing TVA power in the valley. TVA is the sole supplier of electricity for the entire region. It is the generating company, the transmitting company, and the wholesaler of electricity for the area. The commercial and industrial load of these municipalities and cooperatives is growing rapidly. Small private enterprises are increasing, such as retail stores, filling stations, beauty shops, restaurants, hotels, tourist camps, and manufacturing plants. From 1945 to 1947 20,000 such small business enterprises were established in the valley and the increase in the use of electricity for the period was 60 percent. In addition, during the past 6 years, 1,500 new establishments such as canneries, milk processing plants, cheese plants, quick-freezing plants, furniture and other woodworking factories, cold storage plants, and food processing plants were located in the Tennessee Valley.

The Tennessee Valley covers portions of seven States, has an area of 80,000 square miles and a population of over 5,000,000. The TVA is now serving 800,000 consumers and expects to add 100,000 farm consumers within the next 2 or 3 years.

The public distributors of TVA power expect to use over 8,000,000,000 kilowatt-hours in 1952 or 65 percent more than they used in 1947. Last year the 140 municipalities and cooperatives who distributed TVA power spent \$23,000,000 for transformers, new lines, and other distribution facilities.

Private power companies are vigorously opposing this appropriation for the steam plant. Their many representatives in Washington have been unusually busy spreading propaganda against the appropriation. They are using their fight against the building of this steam plant as a smokescreen to cover up their vicious and unwarranted assaults and attacks upon the entire TVA program.

The high-powered representatives of the private power companies in Washington, Mr. P. L. Smith, president of the National Association of Electric Companies, who is reputed to draw a salary of \$65,000 per annum for his services, and their general counsel, Mr. Raymond T. Jackson, of Cleveland, Ohio, appeared before the subcommittee of the House Appropriations Committee which considered the TVA appropriation and vigorously opposed any appropriation for the building of the steam plant.

While the private power lobby claims it is only opposing the construction of the steam plant, the truth of the matter is that the private power companies are eager and determined to cripple, hamper, and obstruct the entire TVA power program, if they cannot destroy it entirely or take it over for themselves.

There is not a single private power company doing business in the Tennessee Valley. They do not have one penny invested there and residential, rural, commercial, and industrial users of electricity in the valley must depend entirely on the TVA for their power. The private power companies are waging a campaign to absolutely stop all further development of TVA. They are determined that the capacity of TVA for generating electricity shall not be expanded. They are endeavoring to put a ceiling on power supply in the TVA region. They do not and cannot contend that the power to be generated from the proposed steam plant is not needed for the future use of the 140 municipalities and cooperatives in serving residences, farms, small business enterprises, small factories, and larger industries.

They do not and cannot claim that they will be injured in any way if the steam plant is built since they have no competitive investment in the TVA area. The increasing demands of the Tennessee Valley for additional electricity can only be met by TVA.

The proposed steam plant will help to balance the hydro capacity of the TVA. The private functions of steam plants is to provide a portion of the power requirements during dry years. Steam plants are needed to "firm up" hydro power during extended dry periods. The more hydro power is developed, than the greater the need is for increase in the quantity of steam power for use in dry periods. TVA already has five steam plants in operation and in 1940 Congress appropriated the money to TVA for the construction of a steam plant at Watts Bar. However, in 1936 the proportion of generating capacity of steam plants to hydro plants of TVA was nearly one-third. Today is is well below 20 percent. If the new steam plant at New Johnsonville is built, then the proportion will only be a little above 20 percent. The desirable ratio between hydro and steam is about 75 to 25.

All over the United States power demand is pressing hard upon supply. The Federal Power Commission says that the entire Nation today is short of power. The private power companies recently announced that they would spend \$5,000,000,000 in an expansion program.

I wish to say frankly that the private power companies in opposing this steam plant are "fouling their own nest." They are making a great mistake and their despicable tactics in this campaign against the project will react against them in the future. Their short-sightedness, their greed, their selfishness and their conduct in this fight against the further expansion of the TVA will not enure to their benefit.

The private power lobby is spreading all kinds of false, insidious propaganda in an effort to defeat the appropriation for the steam plant. They are saying, without foundation, that the TVA is planning to enlarge its territory or area to serve new customers. They are appealing to sectional prejudice by claiming that the TVA is trying to lure industries away from other sections of the Nation to the Tennessee Valley. Officials of the TVA have expressly stated that it has no intention of expanding its territory and that the additional power generated by the proposed steam plant will be distributed entirely to the 140 municipalities and cooperatives now being served by them.

The private power companies would fix a ceiling on the progress and prosperity of the people of the Tennessee Valley and would prevent further improvement and development of the TVA region by stopping the further generating capacity to produce additional power. It certainly is not up to private companies to determine what are to be the limits on available power. This is a question to be determined by Congress.

Surely Congress is not going to do anything that will impede or interfere with the progress and development of the TVA region. This area is doing everything possible to enjoy economic growth with a well-balanced program of both agriculture and industry. The new per capita income of their people is far below the national average. However, these people have made a magnificent recovery since the days of reconstruction after the War Between the States. At that time the people of the Tennessee Valley were prostrate, poverty-stricken, and with little hope for the future, although they were still proud, resolute, and determined to overcome their plight. They made a long, hard fight to rehabilitate themselves and through grit, perseverance, and industrious habits they have established prosperity and progress. They have had no ERP or other relief or rehabilitation program to assist them.

It is certainly strange that the private power companies would now be striving to stop the economic development of the TVA territory just because TVA has been such a great success.

A reduction in power capacity of TVA below the demands of normal load growth would be a great blow to the future development of the Tennessee Valley and would bring stagnation as electricity is the lifeblood of economic development. Surely Congress will not penalize the TVA region in any such manner. This is not a sectional or partisan question. All sections of our great Nation are dependent upon the other sections. Pros-

perity in one section contributes to the prosperity of other sections. Every part of our country is interested in the progress and economic development of all other parts of the United States.

Economic growth in the Tennessee Valley not only rests upon a stronger, diversified agricultural program but also upon a sound industrial development. TVA is the greatest blessing and asset that the Tennessee Valley has enjoyed since reconstruction days and its program of expansion must not be stopped.

In my opinion there soon will be a serious shortage of power throughout the Nation. This is certainly not the time to stop construction of any hydro or steam plant anywhere in the United States. This would be bad enough in normal times but with unsettled world conditions as they are and with our country starting a vast preparedness program in order to be prepared for any emergency it would be terrible and dangerous to our national security to curb power production. During World War II TVA furnished about three-fourths of its power output to wartime production. It furnished power to the atomic bomb plant at Oak Ridge, Tenn., to the Wolf Creek ordnance plant, the Huntsville, Ala. arsenal, and to various military installations such as Camp Campbell, Ky., and the Smyrna, Tenn. air base. It produced 60 percent of the total supply of military phosphorous and at one period during the war furnished the power for the manufacture of 51 percent of all aluminum going into war planes. Both the Aluminum Co. of America and the Reynolds Metals Co. have large plants in Tennessee Valley which are furnished with TVA power. If we are forced into another war, then there will be greatly increased demands for electricity for war requirements over the demands of World War II. TVA will not be in a position to furnish all the power needed for war production unless it can expand the capacity of both hydro and steam plants. The TVA Act recognizes the authority of the TVA to build steam plants, and I hope the membership of the House will approve the pending amendment.

The act establishing the TVA in 1933 expressly stated that it was being created in the interest of national defense and for agriculture and industrial development, as well as for the improvement of navigation in the Tennessee River and for controlling destructive flood waters in the Tennessee River and Mississippi River basins. It also provides for the maximum generation of electric power consistent with flood control and navigation.

The people are rapidly becoming familiar with the subtle methods and deceitful propaganda of the power lobbyists in their irresponsible attacks upon TVA. They know that the private power trust has bitterly opposed the progress of TVA since its inception and that since 1946 they have been conducting a campaign to stop any further expansion of TVA electric power. It seems impossible to reform the Power Trust. They will learn nothing from experience.

Our water resources belong to the people and must be developed for the benefit of all the people; they must not be controlled and exploited by private power companies. The people of the Tennessee Valley, who really know what TVA has meant to the development of the valley, laugh at the ridiculous claims and false charges of the power lobbyists against the progress of TVA. They fully appreciate what a marvelous job TVA has done in providing power at low cost, in controlling floods, and in improving navigation of the Tennessee River. They see their soil conserved and enriched by the proper use of concentrated phosphates and their forests and woodlands protected and developed.

The TVA has contributed more to the economic development of the Tennessee Valley than any other factor. I only wish all of the people in all sections of the United States knew the true story of TVA and its wonderful accomplishments. It was TVA's ability to supply adequate power that caused the location of the great atomic bomb plant at Oak Ridge, Tenn. Today power is being supplied to the people of the Tennessee Valley at a saving of more than \$11,000,000 a year. Residential consumers are using 50 percent more electricity than the average residential consumer in the United States and are paying 20 percent less money for it.

The story of TVA is a story of economic development, agricultural diversification, soil and forest conservation, and industrial and commercial development of which everyone should be proud. Of course, the private power trust wants to suppress or distort the true story of the success of TVA.

The unfair campaign of the power lobbyists against TVA is not in the public interest and they will never destroy TVA.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. JOHNSON of California. Mr. Chairman, I move to strike out the last two words.

(Mr. JOHNSON of California asked and was given permission to revise and extend his remarks.)

Mr. JOHNSON of California. Mr. Chairman, Tennessee is a long way from California, but, in my humble opinion, wrapped up in this little amendment is the kernel of a very large question. This question is alive in California, in Colorado, in Montana, in Oregon, in Washington, and in all the reclamation States. I want to associate myself with those who believe that when the United States Government enters into an activity like the TVA it will go all the way to make that activity a success, we will give them the power and the money so that the work we have instructed them to do can be carried out.

In this situation the question may be asked: Why is this steam plant required? We have harnessed the waters of this great river. In order to get the most effective use out of a hydro development you have to have steam by-plants. Every private utility has them, all of the public utilities have them, that are owned in

the various States by the Bureau of Reclamation, and the like. As I have listened to the debate and read the record in this case, the problem resolves itself down to this: Do we wish to get the maximum amount of energy out of that river—Tennessee—that it can give us if we have the proper facilities to join with the hydroelectric plants? That is all it is sought to do by this steam plant.

We have the same identical problem in the Central Valley of California and as is the case here we have developed it and now that it looks as if it is going to be a success, the private utility wants to come in, take over and skim the cream off the facility that the United States is trying to develop. That is why I would like to see the House give TVA \$4,000,000 to build their steam plant, to supplement the hydro developed by it. That would raise the hydro development to its greatest efficiency and usefulness.

The demand for electricity is mounting every week all over the Nation. Since we have resurrected this old war plant, since we have built it and made a success of it, since it has attracted industry and immigration to that part of the country, I hope we can give them this additional money in order to make better use of the hydro facilities on the Tennessee and the other rivers in that area.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of California. I yield to the gentleman from Missouri.

Mr. PLOESER. Of course, the gentleman does not believe that the Tennessee Valley Authority Act authorizes anything for any part of California or any of the water districts, does he? There is no confusion about that.

Mr. JOHNSON of California. I understand that thoroughly, but, in my opinion, the principle involved in both cases is identical.

Mr. PLOESER. The principle involved is there is no authorization in the Tennessee Valley Act for the building of steam plants. The gentleman would not want to appropriate money for something that is not authorized by the Congress. He would not request that in the case of the Central Valley of California, would he?

Mr. JOHNSON of California. Certainly not; but, in my opinion, after reading the committee's report, the authority is in that act, sections 4 and 10, and I cannot find anything in the judicial opinion cited by the gentleman's colleague from New York which shows that the court has any idea that what is proposed by this amendment is not permissible under the act and under the judicial decisions. Furthermore, in the decision cited only six judges participated.

Mr. PLOESER. I hope the gentleman has read the statements of Mr. Lillenthal before congressional committees.

Mr. JOHNSON of California. I am not bound by the statements of Mr. Lillenthal. I have had considerable experience in statutory interpretation cases before the courts in my jurisdiction and I believe there is implied power in the act as

it now stands to carry out this identical proposition that is comprehended by the pending amendment. The principle of whether we shall support a public project and make it effective and useful is the consideration involved in this amendment. It applies to the West, it applies to the Northwest, it applies to other places. I remember when Hiram Johnson and Phil Swing battled for 10 years to get the Colorado River Dam built. They came out to California and explained to us that the opposition was that \$17,000,000,000 invested in public utilities was not going to tolerate the construction of that project, but, the project was built and has been a tremendous success.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. RANKIN. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

Mr. PLOESER. Mr. Chairman, reserving the right to object, there has been a unanimous-consent agreement that there will be no extensions of time.

Mr. RANKIN. That was not the agreement. The agreement was that there should be 10 minutes for one Member on the Democratic side and 10 minutes for one Member on the Republican side. There has only been one on the Democratic side. Now you have here one of the leading Republicans in the House, the gentleman from California [Mr. JOHNSON], trying to give you information and you do not seem willing to take it.

Mr. PLOESER. Mr. Chairman, I object.

Mr. JENSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in the first session of the Eightieth Congress I had the honor and privilege of being chairman of the Subcommittee on Appropriations for Government Corporations. I believe I learned something about the TVA during the time I was chairman of the committee. The committee now, as you know, is in the hands of the very able gentleman from Missouri, and I want to back up the statements made by him, as well as the statements made by the other gentlemen on the committee who are opposed to this amendment. I am sorry that it was not possible for me to be present during the hearings on this bill but a very little time this session because of the fact that I have been attending the Subcommittee on Appropriations for the Interior Department, of which I am chairman, for the past 12 weeks almost daily. But I do want to say this to every Member of this House: We had better be thinking about the question—and be thinking seriously—as to whether we want the American people and their businesses to be controlled by the Government, or whether we want to continue the free-enterprise system, which has made America great. I think we should have stopped Government encroachment on business a long time ago, but certainly we better start stopping right now. There is no more reason for building this \$84,000,000 steam plant in the Tennessee Valley than there is for

the Government to build a steam plant for my town or Pumpkin Center or New York town or many other towns in America. They have no more authority and no more reason and are no more entitled to have a steam plant down there than people of any other place where there is any kind of industry or farming.

Now, the facts are that the private utilities surrounding TVA pay over 3 mills for every kilowatt-hour of power they produce in local, State, and Federal taxes. If the private utilities were tax free their rates could be less than TVA rates. You talk about firming up Government power. Well, bless your hearts. If the American people do not firm up the Treasury of the United States and keep firming it up every year, it will not be long until we will have no Government of the United States to operate, let alone the TVA. So, when you talk about firming up in this respect, you might just as well say that the Government should own the farms, in order to firm up the production of food and fiber. Like private utilities, the peanut vendor on the corner, the corner grocer, and the independent farmer have made this Nation great by paying his taxes to keep our United States Treasury firm up. There is little reason to firm up any Government-controlled agencies to compete against private business which is called on to keep our United States Treasury properly firm up with approximately \$40,000,000,000 each year under our present fiscal program. There is no better time than right now to make a start in proving to private businessmen and our farmers that this Congress is determined to save free and private enterprise.

The pending amendment should be defeated.

Mr. COURTNEY. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COURTNEY. Mr. Chairman, it was suggested by members of our delegation that I discuss the contention made by the private power companies that the construction and operation of the proposed steam plant at New Johnsonville, Tenn., by the Tennessee Valley Authority would be unlawful under the Constitution, contrary to the stated purpose of the TVA Act, and without authorization under that act.

I shall do that briefly, and then, if time permits, refer to the proposal in a general way.

We might begin with the premise that the area served by Tennessee Valley Authority covers 80,000 square miles and has a population of 5,000,000 people, wholly dependent upon TVA for power supply as Congress has heretofore constituted TVA as the sole and exclusive manufacturer and distributor of electric power in that section. It serves 140 municipalities and cooperatives, as well as directly serving some private industry and a number of important governmental

agencies, including the atomic energy plant at Oak Ridge.

Hydroelectric possibilities in the region are virtually exhausted. While a few more dams might be built on small tributary streams, they could contribute little to the power reservoir, and the only feasible way in which that power may be increased, or rather firmed up so that it may be available in a constant flow the year round is by the construction of the proposed steam plant. Such an increase in power is absolutely necessary if TVA is to meet the ever-increasing demand for electricity in the area that it serves, a statement amply supported by the record of the hearings.

The constitutional authority for this undertaking is abundantly clear. The New Johnsonville plant would be used, as stated, for firming up hydro power and its construction would be clearly justified under the property clause of the Constitution—article IV, section 3, clause 2—as a means of permitting fully effective use of the Government's hydroelectric projects. These projects, as well as the electric power which they are capable of generating, are property of the United States—TVA Act, section 4 (h)—*Ashwander v. Tennessee Valley Authority* (297 U. S. 289); *Tennessee Electric Power Co. v. Tennessee Valley Authority* (21 F. Supp. 947 (E. D. Tenn., 1938) aff'd 306 U. S. 118 (1939)).

The property clause of the Constitution provides:

The Congress shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States; and nothing in this Constitution shall be so construed as to prejudice any claims of the United States, or of any particular State.

The Supreme Court has said of the power conferred under this constitutional provision:

The power over the public land thus entrusted to Congress is without limitations. "And it is not for the courts to say how that trust shall be administered. That is for the Congress to determine." (*United States v. San Francisco* (310 U. S. 16, 29-34 (1940)).)

There is no distinction between the powers granted by the clause with respect to territory and those granted with respect to other Federal property:

The term "territory," as here used, is merely descriptive of one kind of property; and is equivalent to the word "lands." And Congress has the same power over it as over any other property belonging to the United States. (*United States v. Gratiot* (14 Pet. 526, 536-537 (1840)).)

With respect to any of its property, the Federal Government may exercise the rights of an ordinary proprietor—*Camfield v. United States* (167 U. S. 518 (1897)); *Light v. United States* (220 U. S. 523 (1911)); *Ruddy v. Rossi* (248 U. S. 104 (1918)). Among these rights is that of improving Federal property in order to enhance its usefulness and value. This right was exercised at least as far back as 1902, when the Reclamation Act, authorizing the Secretary of the Interior to establish, construct, and maintain irrigation projects, was enacted in order "to make marketable and habitable large areas of desert land

within the public domain"—*United States v. Hanson* (167 Fed. 881, 883 (C. C. A. 9th, 1909)). The power of Congress to legislate for such a purpose was expressly upheld in the *Hanson* case and in *Burley v. United States* (179 Fed. 1 (C. C. A. 9th, 1910)).

Under the situation which now exists in the TVA service area, a steam plant might properly be constructed, under the commerce, power, and property clauses, whether or not it would serve to firm up hydro capacity. In *United States v. Appalachian Power Co.* (311 U. S. 377 (1940)), the Supreme Court had this to say with respect to the authority of the Federal Government over navigable waterways under the commerce clause. "Navigability in the sense just stated is but a part of this whole. Flood protection, water-shed development, recovery of the cost of improvements through utilization of power are likewise parts of commerce control."

This doctrine was reaffirmed and re-emphasized in *Oklahoma v. Atkinson Co.* (313 U. S. 508 (1941)).

These cases established that the Government may embark on a program of full scale development for a given watershed and in so doing may proceed on the basis of an integrated plan which takes full cognizance of potentialities for the generation of electricity as well as for promotion of navigation and flood control.

Tennessee Valley Authority's statutory authority to construct the steam plant is just as clear. Section 4 (i) of the TVA act specifically authorizes TVA "to acquire real estate for the construction of dams, reservoirs, transmission lines, power houses, and other structures."

Section 4 (j) provides that TVA "shall have power to acquire and construct power houses, power structures, transmission lines, navigation projects, and incidental work in the Tennessee River and its tributaries."

Section 14, after providing for an allocation of the cost of the Wilson Dam, Norris Dam, and the Muscle Shoals nitrate plants, provides further "in like manner, the cost and book value of any dams, steam plants or other similar improvements hereafter constructed and turned over to said Board for the purpose of control and management shall be ascertained and allocated."

Section 31 provides that the TVA Act "shall be liberally construed to carry out the purposes of Congress to provide for the disposition of and make rules and regulations respecting Government property entrusted to the Authority, provide for the national defense, improve navigation, control destructive floods and promote interstate commerce and the general welfare."

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. COURTNEY. I yield to the gentleman from New York.

Mr. COUDERT. Does that section of the act make any reference whatsoever to the generation or sale of electric energy?

Mr. COURTNEY. Section 31 does not.

Mr. COUDERT. Is not that significant?

Mr. COURTNEY. Furthermore, the legislative history of the TVA Act demonstrates that Congress itself has consistently regarded the construction of steam plants as presenting no special constitutional or legal problem.

In 1939, Congress authorized the TVA to buy existing steam plants and clearly recognized in the course of considering the amendatory legislation involved that TVA might later have to build additional steam plants. Section 15 (c) of the legislation in question was enacted to make possible purchases by TVA of the generating and transmission line properties of the Tennessee Electric Power Co. as well as similar properties belonging to other subsidiaries of the Commonwealth & Southern Corp. Congress was fully aware when it enacted these statutory provisions that the electric-utility properties which TVA intended to acquire, in accordance with a contract of May 12, 1939, included important steam plants at Nashville, Hales Bar, and Parksville, as well as several smaller plants. And these, with the original steam plant acquired with the Wilson Dam properties have been in operation for years.

From a constitutional and legal standpoint, there can obviously be no distinction between the Government's power to acquire and to construct steam plants for operation in conjunction with an existing federally owned hydroelectric system. Certainly Congress recognized no distinction.

Within 2 years after enacting the 1939 amendatory provisions just referred to, Congress specifically authorized TVA to construct the Watts Bar steam plant. That was Public Resolution No. 95, Seventy-sixth Congress, third session (54 Stat. 781 (1940)). This act became the law on July 31, 1940, 9 months before the limited emergency declared by the President on May 7, 1941, and 16 months before the United States was attacked by the Japanese.

The appropriation for the Watts Bar plant, as well as for other TVA projects, was for the stated purpose of carrying out the provisions of the act entitled "The Tennessee Valley Authority Act of 1933." Neither the hearings in the subsequent committee reports and debates indicate that any constitutional or legal question was thought to be presented. The situation which existed then was basically similar to that which exists now. At that time the United States was in a state of defense emergency. Today the state of war has not been terminated and the international situation is unsettled and threatening.

Later, in the Independent Offices Appropriation Act of 1942 (55 Stat. 92, 118), Congress made an additional appropriation for the Watts Bar plant for the stated purpose again of carrying out the provisions of the act entitled "The Tennessee Valley Authority Act of 1933."

If Tennessee Valley Authority had constitutional and statutory authority to construct the Watts Bar steam plant, it likewise possesses such authority to construct the new Johnsonville plant.

The distinguished gentleman from New York, and a very able lawyer [Mr. COUDERT], in his argument attacks the legality of the proposal, putting considerable emphasis upon a colloquy that took place between Mr. Justice McReynolds and special counsel for TVA, Mr. John Lord O'Brian, during the oral argument before the Supreme Court in the Ashwander case referred to above, in which Mr. O'Brian specifically stated that TVA had no intention of operating the steam plant that it had acquired with the Wilson Dam property.

In the first place, Mr. O'Brian was special counsel for the TVA in this one case only and that case was his only interest in TVA. Certainly TVA would not be bound by dicta that special counsel in one particular case uttered during the heat of argument before the bench.

However, that case was argued and decided in 1936, 3 years before Congress authorized the purchase by TVA of the assets of the private power companies within its area, including the steam plants, thus setting up TVA as the sole and exclusive supplier of electric power in that section. And it was decided 4 years before Congress specifically authorized the construction of the steam plant at Watts Bar.

As a matter of fact, the private power companies have been raising constitutional and legal questions with respect to the TVA Act since its passage 15 years ago. In every one of a half dozen or more lawsuits instituted invoking such questions, the power companies have been cast in the courts. Now, in desperation, having failed in the courts, they appeal to Congress to overrule the decision of the Supreme Court of the United States and other high tribunals.

Now the private power companies are bold enough to say, through their lobbyists at the hearing: "The Federal Government has and should have no responsibility and cannot lawfully assume responsibility for the supply of power needs for commercial, municipal, and domestic purposes within the area the TVA serves or seeks to serve, and for that matter any other area."

In other words, they say that all the things done by Congress with respect to TVA since 1933 and all the things done by the Tennessee Valley Authority itself since that time are unconstitutional, illegal, without statutory authority, null and void. On this premise, they reason, I presume, that all the dams should be destroyed, all the structures razed, all the transmission lines grounded, and the whole shebang wiped off the map so that private power companies could again move into the area with their exorbitant and unconscionable rates with their discriminatory tactics, with their utter disregard for human welfare, and with their eyes single to profits and dividends.

Do we want to go that far? Of course not. But, if you vote against this amendment, you are making the first move in that direction. To deny TVA the right to maintain itself in a position to keep pace with progress, to deny it the right to maintain a position of ability to supply the ever-increasing demands of

the region it alone serves, to clamp down a ceiling upon its right to grow along with the growth of the orbit that centers about it, to do that is to take the first step in the direction of its utter destruction.

And, now, Mr. Chairman, may I address myself to the proposition generally, first from a selfish standpoint, I grant you, as respects my district, the Seventh Congressional District of Tennessee, comprising 13 counties, with an area of 6,237 square miles and with a population of 231,592, served by the Tennessee Valley Authority.

When TVA started, one farm home in 28 in this district had electricity; now the ratio is one in two. In the beginning, the average residential use of electricity was 600 kilowatt-hours per annum; in 1940, it had increased to 1400, and by 1947 to 2400. I do not have the figures of the number of consumers served in the early days of TVA in this district, but in 1940 there were 20,000, in 1947, 36,000, an increase of over 75 percent.

In 1940 the total sales of electricity in my district amounted to 80,000,000 kilowatt-hours; in 1945, at the end of the war, it ran to 125,000,000, an increase of over 50 percent.

Since the beginning of TVA, attributable not altogether to it, but to it in no small measure, the number of manufacturing plants in my district has increased from 78 in 1933 to 244 in 1946. The persons employed in private manufacturing has increased from 2,874 in 1933 to 9,587 in 1946. Retail sales rose from \$24,157,000 in 1935 to \$60,033,000 in 1946. Spendable income rose from \$36,028,000 in 1934 to \$116,503,000 in 1946, an increase of 189.3 percent. Bank deposits increased from \$13,400,000 in 1935 to \$68,034,000 in 1946, an increase of 242.3 percent.

In the next 5 years, TVA proposes to build 3,500 miles of new lines in the district and to serve 12,000 new families. If steam plant development and a firming up of its power is permitted this will be done. Otherwise, these 12,000 families are doomed to sit forever in darkness because there is no other source of electric supply.

And, now to approach the matter from the more unselfish standpoint of the seven States served by Tennessee Valley Authority, comprising, as I have said, 80,000 square miles with a population of 5,000,000 people, wholly dependent, by action of Congress, upon TVA for electric power, which serves in this area 140 municipalities and cooperatives. This additional generating capacity is of necessity required if TVA is to meet the growing need for power in its service area, a situation that is being faced and adequately prepared for by every private power industry in the country. In 1933, as I said with respect to my district, when TVA began 1 farm in 28 had electric service, now 1 in 2 have service. In 1933, all the farms in the area used a total of only 10,000,000 kilowatt hours; last year some 300,000,000 kilowatt hours were consumed. They must use much more power to provide the stable diversified agriculture which this region's prosperity demands. In a 15-year period,

1,800 new manufacturing plants have sprung up and, contrary to the opinion expressed by many, there has been no luring of industry from other sections. Of these 1,800, only 4 moved into the Tennessee Valley from other established sites. The new industries are mostly home-owned and home-controlled. Employment is up in this area 161 percent.

In 1933, the total of the national income taxes paid from this area was three and four-tenth percent; in 1946 it was 6 percent of the total.

Judging the future by the past, and guiding our prediction by the light of experience, 65 percent more power will be needed in 1952 than in 1947. Such progress must not be denied.

Recently this country embarked upon a European recovery program that will entail the expenditure before its conclusion of some \$17,000,000,000, a great portion of which will be in the form of an outright gift to the participating countries in Europe. Surely this initial \$4,000,000 appropriation for the erection of this vitally necessary steam plant, that in the end will cost only \$52,000,000, cannot be denied.

This appropriation sought will not be a gift, but a loan that is certain to be repaid. Congress has heretofore set up a 40-year amortization plan whereby TVA, out of its earnings from the power system, is called upon to pay back to the Government, in quarterly payments, the amount of the investment of Federal funds in the TVA power system, covered by appropriation and transfer of property. It is meeting these installment payments promptly, and of course this appropriation will be included in the amount ultimately to be repaid.

And now to look at the proposition from the wholly unselfish standpoint of national interest. I call your attention to the fact that TVA now serves many large governmental operations, the atomic energy plant at Oak Ridge, TVA's own chemical plant at Muscle Shoals, and a large variety of military establishments. Among its important customers, too, is the plant of the Aluminum Company of America at Alcoa. During the war about 80 percent of TVA's total power was going into outlets that could be classed strictly as wartime production, and during that time it furnished power that provided for the manufacture of 51 percent of the aluminum going into war planes. During the war, too, TVA produced 60 percent of the total supply of phosphorous used by the armed services for phosphorous bombs, smoke screens, and various military weapons.

With world conditions unsettled as they are, as we rush with haste to bring our Military Establishment up to strength, as we propose to draft some of our boys for service and expect to impose universal military training upon others, are we to deny this necessary steam plant to the TVA, one of the greatest single contributors that we had to our recent war effort and final victory? And thereby say in effect, "We are not interested in seeing you move ahead to keep pace with other power companies. We are not interested in

seeing you maintain a position where you can help again in an emergency, but at the behest of jealous private power companies, we are going to withdraw our support and turn you adrift."

I do not believe that we want to do that. So, if you want to vote down the interests of your country and vote up the reasoning and theory of a \$65,000-a-year power company lobbyist who is behind the opposition to this proposal and who figured largely in the hearings, then vote against this amendment. If you want to vote up the interests of your country and vote down the avarice of the power companies, then vote for this amendment.

Mr. DONDERO. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment indicates how far Government ownership and state socialism has fastened itself upon the free government of the United States. First of all, I want to say to the Members of the House that I am in favor of developing whatever power may be developed in the river basins of this country. What I am opposed to, however, is the encroachment of the Federal Government upon private enterprise and private investment. I introduced a bill which provides for the sale of power at the bus bar or dam at wholesale rates wherever that is possible. Where that is not possible, then and then only would the Federal Government be authorized to build transmission lines to take the power where it could be utilized.

Some very interesting things were developed in the hearings on that bill. First, that there is no uniform public policy for the production and sale of electric energy in the United States.

Second, there is one formula provided by the Federal Power Commission used for the fixing of rates on public power or power produced by the Federal Government.

Third, there is another formula provided by the Federal Power Commission for the fixing of rates on power produced by private enterprise or private investment.

Fourth, it was openly admitted that if the same formula was prescribed for both public power and private power, the rates would be exactly the same. In other words, the statement made to the American people that the Federal Government can produce electric energy cheaper than private enterprise is simply fooling the people, because Government pays no taxes—Government has other advantages that private industry does not have. These Federal power projects are subsidized by the taxpayers in other parts of the country. Therefore, private enterprise cannot produce electric energy at the same rate public power is produced.

Fifth, as long as section 5 of the Flood Control Act of 1944 remains on the books, there will be no such thing as private enterprise being able to buy public power produced at any of these public or Federal dams—or very little, to say the least.

Sixth, because of Federal competition at this time in the electric power field, private power companies are finding it difficult to borrow money at a low rate.

It is costing them more because the risk is much greater.

Mr. Chairman, I want to repeat that I am not opposed to the production of electric energy in our river basins where the Federal Government owns the water or can construct dams for the production of power, but I am opposed to the Federal Government building transmission lines in competition with private investment already in the field and serving the area or otherwise competing with its own citizens in the same business.

I am opposed to the Federal Government sending its agents throughout the land telling municipalities and other political or governmental units that they can buy power cheaper from the Federal Government than from private enterprise, thereby practically destroying private enterprise and private investment all through this country.

Perhaps people do not know that more than one-third of all money invested in public utilities—I mean owned by private corporations—is held by the life-insurance companies of this Nation. About 75,000,000 policyholders of the country could very well be affected by the destruction of these utilities throughout the land.

This amendment to build a steam plant under the TVA costing \$84,000,000 before the House this afternoon simply indicates how far we are going in the direction of public ownership and state socialism. I think this Congress owes a duty and a responsibility to the people of the Nation to fix a public power policy that is definite, that private enterprise can depend on—one that will not destroy private investment through competition by the Federal Government. If that is not done, it seems to me we are well on the road to nationalization of the power and light industry and adopting socialism in this country. If that is so desirable, why not extend it to the coal mines, why not extend it to the meat industry, why not extend it to the railroads and communications, why not extend it to the automobile industry in my State? After we have done all that, it seems to me, we have substituted Russia for America—and I am bitterly opposed to it.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. DONDERO] has expired.

(Mr. DONDERO asked and was given permission to revise and extend his own remarks.)

Mr. PLOESER. Mr. Chairman, I wonder if we can come to some agreement as to time on this matter. It has been indicated on this side that probably 30 minutes would be necessary.

Mr. WHITTEN. It is apparent that we still have quite a number on this side who want to talk. I wonder if we could not proceed for a short time and then see what we can do.

Mr. JENNINGS. May I say that I want the extremely long period of 5 minutes to unburden my soul on this matter.

Mr. PLOESER. Very well, Mr. Chairman, I will not press the matter at this time.

The CHAIRMAN. The gentleman from Mississippi [Mr. RANKIN] is recognized.

Mr. RANKIN. Mr. Chairman, it is most interesting to me to listen to the remarks of the gentleman from Michigan [Mr. DONDERO], who has consistently voted against all of these water-power developments ever since he has been a Member of Congress.

As I pointed out yesterday, I was co-author with Senator Norris of the bill creating the Tennessee Valley Authority. It never occurred to me that anybody would question the right of the TVA to build a steam plant to firm up its power production in the dry season.

In Mr. DONDERO's home State of Michigan some of the outstanding cities, including Lansing, the capital, have public power systems, and have built their own steam plants. Did they have to get a constitutional amendment or authority from the legislature in order to do that? No, certainly not.

If the gentleman's policy were carried out, it would shut the door in the faces of the people of California, of Oregon, of Washington, of Missouri, Ohio, Illinois, and of all of the other States that border on the great streams of this country.

Now, let us see about this stand-by proposition. Two of the outstanding cities of the Northwest that have water-power systems have stand-by plants. They are Seattle and Tacoma. Let us just take Tacoma. The reason I am taking Tacoma instead of the Tennessee Valley Authority is the fact that the city of Tacoma pays a greater rate of taxes than the private power companies pay, generally, throughout the country.

In 1946, leaving out rural electrification and street lighting, this country used 170,471,000,000 kilowatt-hours of electricity for which the people paid \$3,134,000,000. Under the Tacoma rates, where they pay a higher rate of taxes than the power companies pay on the average in the States of the Union, the people of this country would have saved on those bills \$1,736,935,000.

Here is a table showing the number of customers in each State during the year 1946, the amount of electricity used in each, the costs, and the overcharges according to the Tacoma rates.

It does not include the power used by the REA, nor that used for street lighting.

The table referred to follows:

TABLE 4.—Total electric sales, 1946

State	Estimated sales data for 1946			Estimated revenues and consumer savings under rates in effect in Tacoma, Wash.	
	Number of customers	Total kilowatt-hours (thousands)	Total revenues	Revenues	Savings
Alabama.....	398,607	4,356,487	\$41,257,000	\$21,233,246	\$20,024,354
Arizona.....	132,114	738,746	12,890,900	5,168,521	7,722,379
Arkansas.....	239,146	861,894	19,785,300	8,685,831	11,099,469
California.....	2,523,882	12,358,139	202,757,800	116,622,361	86,135,439
Colorado.....	299,995	914,316	24,443,200	10,293,129	14,150,071
Connecticut.....	569,918	2,619,600	61,082,700	24,490,377	36,592,323
Delaware.....	78,338	374,929	8,059,200	3,167,544	4,891,656
District of Columbia ¹					
Florida.....	561,226	1,883,018	53,038,700	19,088,956	33,949,744
Georgia.....	541,667	3,075,122	51,371,200	25,314,139	26,057,061
Idaho.....	150,512	948,708	13,116,600	7,054,179	6,062,421
Illinois.....	2,241,842	10,312,725	215,907,400	90,650,479	125,256,921
Indiana.....	986,500	4,647,417	91,592,300	39,683,906	51,908,394
Iowa.....	659,580	2,089,404	50,714,500	22,258,519	28,455,981
Kansas.....	434,425	1,594,040	36,937,100	15,756,718	21,180,382
Kentucky.....	486,704	2,038,108	37,105,600	17,381,165	19,724,435
Louisiana.....	459,209	1,882,175	36,773,200	14,171,497	22,601,703
Maine.....	259,024	1,002,843	19,986,200	8,071,585	11,914,615
Maryland and the District of Columbia.....					
Massachusetts.....	672,449	3,733,721	67,173,400	32,628,045	34,545,355
Michigan.....	1,403,149	4,779,314	125,970,600	47,141,126	78,829,474
Minnesota.....	1,663,083	8,132,323	157,096,600	70,188,561	86,908,039
Mississippi.....	729,201	2,453,132	60,841,800	26,296,867	34,544,933
Missouri.....	257,620	875,469	18,769,600	7,979,355	10,790,245
Montana.....	907,582	3,539,291	74,588,000	34,149,940	40,438,060
Nebraska.....	136,030	1,494,597	14,483,000	7,332,727	7,150,273
Nevada.....	296,696	885,504	21,419,600	10,119,500	11,300,100
New Hampshire.....	39,261	237,858	4,908,900	1,918,899	2,990,001
New Jersey.....	168,654	538,640	13,472,300	5,225,253	8,247,047
New Mexico.....	1,382,696	5,478,749	130,362,900	51,159,550	79,203,359
New York.....	89,563	222,952	7,360,500	2,609,893	4,750,607
North Carolina.....	4,346,964	17,986,088	386,053,800	142,946,700	243,107,100
North Dakota.....	610,833	3,688,483	55,157,306	27,013,332	28,143,974
Ohio.....	109,060	226,577	8,089,100	3,164,619	4,924,481
Oklahoma.....	2,075,114	11,956,519	204,726,000	94,860,533	109,865,467
Oregon.....	435,346	1,417,868	33,541,700	13,893,864	19,647,836
Pennsylvania.....	382,791	2,644,324	32,405,600	19,378,153	13,027,447
Rhode Island.....	2,671,383	15,243,355	264,280,700	120,291,984	143,988,716
South Carolina.....	230,533	846,905	22,141,400	8,078,167	14,063,233
South Dakota.....	294,105	1,775,935	25,129,894	12,519,245	12,610,649
Tennessee.....	109,501	256,836	7,956,900	2,949,439	5,007,461
Texas.....	545,508	6,585,398	48,614,600	30,762,662	17,851,938
Utah.....	1,361,029	5,772,869	113,938,900	50,005,860	63,933,040
Vermont.....	169,476	753,484	13,768,000	6,904,144	6,863,856
Virginia.....	106,619	377,529	9,454,800	3,887,244	5,567,556
Washington.....	563,579	2,695,221	51,552,500	21,865,058	29,687,442
West Virginia.....	612,326	7,419,987	62,485,800	39,219,113	23,266,687
Wisconsin.....	356,301	2,808,377	41,110,500	18,070,539	23,039,961
Wyoming.....	837,850	3,767,909	75,940,700	34,121,239	41,819,461
United States.....	58,628	178,997	5,085,500	1,900,850	3,094,650
United States.....	34,636,619	170,471,882	3,134,700,400	1,397,764,613	1,736,935,787

¹ Included with Maryland.

This steam plant is merely to firm up this power during the dry season in order to carry out the purposes of the original act.

Just as surely as the sun shines you are going to need the same provision in practically every State in the Union.

Take the State of Ohio that has 10,000,000,000 kilowatt-hours of electric energy running to waste in the Ohio River every year. When the dams on that stream are rebuilt so as to generate that vast wealth of power, it is going to be necessary to build steam plants in order to firm it up to the peak of production during the dry season.

Take the people in the Northeast along the St. Lawrence River. As I pointed out yesterday, when they develop those billions of kilowatt-hours and provide a yardstick for that area, it will bring rates down from two to three hundred millions a year. Then they will need steam plants to firm that power up to the peak of production.

Take the New England States that have been freezing during this last winter, because of the lack of power, whenever they screw their courage to the sticking place and join those of us who believe in developing the water power of the Nation, and proceed to harness the water power of New England and the other Northeastern States, they are going to need steam plants in order to firm that power up to the peak of production.

Take also the Central Valley of California. Oh, the battle that has been waged here and the expenses the power trust has paid for propagandists to come to Washington and fight against the building of steam plants in the Central Valley; if that power were firmed up and supplied to the people of northern California at the rates the people of southern California are receiving power from Boulder Dam, the people of the State of California would save, according to the Tacoma rates, \$86,135,439 annually.

Take the State of Colorado, take the State of Missouri, if you please, with the Missouri River, not only with its waters going to waste but destroying hundreds of millions of dollars' worth of property by floods; when that river is developed and that 10,000,000,000 kilowatt-hours of electricity that is going to waste in that stream is made to serve the people of that great section of the country, they too will need steam plants to firm up the power to peak production during the dry season.

It will also serve Iowa, Kansas, Nebraska, Montana, North and South Dakota, and much of the rest of that great Northwestern country.

And along the Columbia River the people are going to need steam plants in the years to come in order to firm that power up to the peak of production.

Remember that every dollar of the money invested in this plant will be paid back with interest. It is not like giving money to Europe or Asia.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

(Mr. RANKIN asked and was given permission to revise and extend his remarks.)

Mr. TABER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think we should get a rational approach to this problem. Out of \$440,000,000 that the Government has invested in this Corporation at the present time, \$10,500,000 has been paid back. It is proposed in this proposition to pay back \$5,500,000. What rate of interest is that? One and a quarter percent.

Mr. KEFAUVER. Mr. Chairman, will the gentleman yield?

Mr. TABER. Not at this time. The gentleman can get his own time.

The rates in the TVA are set so low that the people in my district and your districts are paying the electric-light bills of people in the TVA area. Now, that is just the situation, and we might as well be honest about it.

Of course their rates are low.

Now, let us analyze this steam plant business for a minute. Why do they want to build the steam plants? Because the TVA in its set-up has made contracts with the big users of electricity and with the municipalities prohibiting them from building any steam plants that would allow them to generate this cheap power. That is the reason.

We all know that in building and operating a steam plant private industry can do it much cheaper than the Government. Bearing those things in mind, we should meet this situation face on and meet it honestly, so far as our constituents are concerned. I do not want to go back to my people and say that I voted to have them pay the electric-light bill of people in other parts of the country.

Mr. Chairman, these rates ought to be set up honestly and in such a way that these people who get cheap power anyway will be paying for their electric power and not have you and I doing it for them.

In this bill the committee has voluntarily included a very large sum of money for continuation of construction of power plants—hydro plants—in this area. Oh, I would that we meet our responsibilities here, and meet them face to face with due regard for the Treasury of the United States.

I feel that the pending amendment in the interest of all the people of the country should be defeated.

Mr. PLOESER. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto be limited to 1 hour.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

Mr. WHITTEN. Mr. Chairman, I object.

Mr. PLOESER. Mr. Chairman, I move that all debate on the pending amendment and all amendments thereto be limited to 1 hour.

The CHAIRMAN. The question is on the motion offered by the gentleman from Missouri.

The question was taken; and on a division (demanded by Mr. WHITTEN) there were—ayes 83, noes 44.

So the motion was agreed to.

Mr. PLOESER. Mr. Chairman, is it understood that prior to the motion there was unanimous agreement that 10 minutes be reserved to the committee?

The CHAIRMAN. That will be observed and it will be so understood.

Mr. WHITTEN. Mr. Chairman, I rise to ask the chairman of the subcommittee a question. I had earlier discussed this matter with my chairman, and I wonder if in his agreement he had any reservation of time for members of the committee on this side.

Mr. PLOESER. In the original agreement reservation was made for 10 minutes on that side which was reserved for the author of the amendment, a member of the committee and that time has been used. Under this arrangement, in order to get 10 minutes on this side, if the gentleman from New York [Mr. COUDERT] and I both want to speak, we will probably have to divide the time between us.

May I ask the Chair how much this will allow to each Member?

The CHAIRMAN. According to the best estimate it will be 2½ minutes for each Member.

Mr. PLOESER. What would the gentleman be satisfied with?

Mr. WHITTEN. It is pretty hard to answer what you would be satisfied with.

Mr. PLOESER. I mean of the hour?

Mr. WHITTEN. Mr. Chairman, I ask unanimous consent that we on this side may have the final 5 minutes of the time allotted for use by our Members on the committee.

Mr. PLOESER. I am perfectly agreeable that the committee on that side may have 5 minutes, but we have reserved 10 minutes for summation on this side. I am perfectly willing to the 5 minutes being allotted under the hour limitation.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COOPER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. COOPER. Is the 10 minutes to which the gentleman from Missouri has repeatedly referred included in the 1 hour or in addition to the hour?

The CHAIRMAN. That is included within the hour.

Mr. PLOESER. As I understand, there was no objection to the request.

The CHAIRMAN. The gentleman's understanding is correct. There will be 5 minutes for the Members of the minority on the committee and 10 minutes for the Members of the majority. The Chair would like to inquire what Member of the minority side claims the 5 minutes.

Mr. MAHON. Mr. Chairman, I was on my feet claiming time. I ask unanimous consent that the time which would be given to me under the agreement be given to the gentleman from Mississippi [Mr. WHITTEN], and I would like to know if that would give him 7½ minutes.

The CHAIRMAN. It would, if the House so agreed by unanimous consent.

Mr. PLOESER. Mr. Chairman, it has been suggested on this side very magnanimously by the gentleman from Ohio [Mr. CLEVINGER], a member of the committee, that he would yield 2½ minutes of his time to make up half of the 5 minutes requested. Now, you cannot just go on cutting these Members down on time.

Mr. MAHON. I am just yielding my time to the gentleman from Mississippi, if I may, in order that he may have sufficient time.

Mr. PLOESER. When you do that, it all comes within the hour, but you cannot keep cutting the other gentlemen down. However, I am not going to object to the gentleman's request.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. BATES].

Mr. BATES of Massachusetts. Mr. Chairman, I rise in opposition to this amendment. I believe there is a very fundamental question involved in the proposal before the House today, that is, whether or not we are going to embark on Government subsidies of steam plants all over this country. This amendment for \$4,000,000 is but the beginning of one plant, the estimated cost of which is \$84,000,000, as I understand. We do not know whether this one plant is the beginning of a series of plants in the Tennessee Valley that will be created by the Congress, supported by the Government, and paid for by the taxpayers of every part of the country.

As was so well stated this morning, every part of the country is in need of more power. We find this situation true in the New England area. In my own State in recent days there has been a great deal of publicity as to the necessity for developing more power plants, and we have found through the same press the statements that the private industries of that part of the country are embarking on a tremendous program involving millions of dollars of their own money in order to meet the requirements in that part of the country. This same thing is true in all other parts of the country. Why should we, the taxpayers of our part of the country or the taxpayers of any other part of the country, be called upon to build, support, and maintain at Government expense, which means the expense of the people in our part of the country, this prodigious program of steam generation plants in the Tennessee Valley?

We understand that in the bill today the committee has allowed \$29,000,000 to implement the hydroelectric-plant system already existing in the Tennessee Valley. We also understand there will be available power from the dams which are being built by the Army and the hydroelectric plants in that same area which will provide 200,000 more kilowatt hours. It is a question of where we are going to go if we start here today. I think we ought to defeat this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. DAVIS].

Mr. DAVIS of Tennessee. Mr. Chairman, upon the success or failure of this amendment depends the continued growth of my city, the western part of Tennessee and Kentucky, and a substantial part of the Midsouth. Memphis has been purchasing power from TVA since 1939. That city along with 140

other municipalities and REA cooperatives are bound by contract to depend upon TVA for their entire power supply. The Government has assumed sole responsibility in the area for an adequate supply of electrical energy to support a rapidly expanding economy. Having done this, it owes a solemn duty to the people and industries of the valley to so manage the system that our demand for power shall never fail.

In all the years of my membership in the House of Representatives, I have been delighted to cast votes which I thought would affect the welfare and the progress of sections far removed from the area which I have the honor to represent. In all of those votes I felt that the prosperity of any one section of the country added to the sum total of our national prosperity. It is hard for me to believe that any of my colleagues should take a position which would place a ceiling on the prosperity and growth of any section of our common country.

Since we became purchasers of TVA electricity in 1939, the population in my congressional district has increased 20 percent. We have added 32,000 customers to the line. During that time bank deposits increased 294 percent. This is progress. My city is on the very southwestern end of the TVA system. We have no other place to get our power than from TVA. We must be considered, however, as only a part of this wide area which finds itself in need of additional power to care for the normal progress the section is making.

Purcell Smith, the \$65,000-a-year lobbyist for the private utilities, made the statement, and I quote from page 965 of the hearings:

We believe that an undisclosed motive behind this request is to prepare TVA for other drives to expand still further the territory of its power monopoly.

Anyone who considers the location which TVA has chosen for this plant will see that it would be a very poor plant from which to expand widely TVA power. On the other hand, it is an ideal site from which to serve the growing needs within the area. The New Johnsonville plant will be so placed in the center at the western half of Tennessee so as to serve the adjoining southern counties of Kentucky which receive TVA power, as well as all of west Tennessee.

Many factors determine the most economical location for a power plant, the primary ones involved being the magnitude and location of the markets to be supplied and the availability of fuel and water in the case of a steam plant. It is obvious that in the development of a system of dams to control the flow and to utilize the power possibility of a river system requires that the major development of dam sites occur in the headwater areas. It is there that water may be impounded in the high hills producing the fall and volume that produce the power. Therefore, the bulk of power is produced in east Tennessee and north Alabama, whereas a substantial part of the TVA markets exist in west and middle Tennessee. It happens that the location of a plant on the Tennessee River at the location chosen would avoid

the movement of 300,000 kilowatts over the transmission lines from the eastern and southern extremities of the State to the points of use in middle and west Tennessee.

The location at New Johnsonville is one that permits linking the proposed plant into the existing transmission network in such fashion as to permit these loads to flow into middle Tennessee, western Tennessee and Kentucky, areas supplied by TVA. The location of the plant in the center of the area served reduces the losses in transmission lines that pile up if the plant should be located on the fringe. The plant serves the purpose of not only firming up hydroelectric power in dry seasons and dry years but it serves to distribute the generating plants more evenly over the whole area served. Its usefulness is greatly enhanced in an integrating system where the amount of power produced can be varied in amount and moved in whatever direction best meets the need of the system at any hour of the year. It supplies a source of power along the river in the long stretch between Pickwick and Kentucky dams, in which there is no dam. In order to produce large quantities of electricity by steam, it is essential that tremendous quantities of water be available for condensing purposes.

Located available to water and rail routes, coal and other supplies can be delivered to the plant by either water or rail, and it should be apparent that the location is within comparable distance of available coal fields in southern Illinois, Kentucky, and Indiana. From every economical viewpoint, the location is as near ideal as engineers ever expect to find.

The seasonal rainfall in the Tennessee Valley area, the available river flow, and the multitude of other considerations such as the run-off within the watershed tend to make a steam plant a necessary part of the hydro development. In the original development at Muscle Shoals, a steam plant was a part of the project. Later, other steam plants were acquired by purchase. But inasmuch as the work on the Tennessee River included not only power plants but flood control and navigation, it was perfectly logical that the construction of dams and hydro plants have had priority in the program and that steam plants would not become essential until firm power produced by the hydro plants was reaching the limits of its development. It is therefore logical that the hydro plants should have been carried forth first and that development of steam plants follow as the need arises to strengthen and support the hydro-power plants. It must be remembered that the steam plant is not only necessary to firm up hydro power and add installed capacity to the system, but it is a procedure whereby the maximum value can be obtained from money already invested in hydro projects.

These steam plants can be used to stabilize the whole system in a fashion to maintain voltage over the system.

This plant would fail in its potential usefulness if it did not in fact add to the productive capacity of the whole Ten-

nessee Valley Authority system. To the communities served by TVA in the areas north, northwest, west, and northeast of Pickwick Dam, this power plant becomes a necessity to meet the normal growth in an area which is developing in every phase of human activity.

Surely, in a sense of fairness, you will vote for the amendment. We have no other place to go for power. It is very vital to all my people and to my neighbors. It is economically sound. In 1939, when Memphis first became a customer, we used 57,000 kilowatts. During the month of March this year we reached a load of 153,000 kilowatts, or almost three times as much as we used less than 8 years ago.

On the basis of proven experience we will require 175,000 kilowatts by the summer of this year. Next year we will require 200,000 kilowatts, and by 1953 we will need 300,000 kilowatts, or six times as much as when we joined the system.

If this steam plant is built, by the time it is in operation, our municipality serving our citizens and our farmers will need almost one-half of the total power generated by the plant. This is without regard to the proportionate growth which is bound to come to the whole Valley. So you may see the extreme importance of this plant to me and my people. There is no source of private power available. Please do not stifle the hopes and the ambitions of our people.

Our growth is your progress. As our income increases, we have more to spend in your communities for automobiles, refrigerators, air-conditioning plants, vacuum cleaners, clothes, shoes, electrical appliances, and all the items you manufacture. A simple, fair, and considered attitude can lend itself to a vote for this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Chairman, I admire the splendid efforts of the beneficiaries of TVA power in the fight they are making to expand these beneficences in their area. I believe if I were down in Memphis or in the TVA area, I would perhaps make the same sort of appeal. The question, however, it seems to me, is just a little bit broader than that. I have read the brief submitted by the TVA to this committee. I have read the brief submitted by the power companies through Mr. Jackson, one of their counsel. I have read the splendid statements made by my good friend the gentleman from Mississippi, JAMIE WHITTEN, and the speech made yesterday by my friend the gentleman from Tennessee [Mr. GORE]. They are all splendid expositions of the problems that face us. But make no mistake about it. You can stand here from now until doomsday and argue the legal questions that are involved. No one will deny that there are very, very serious legal questions. The briefs that have been submitted are replete with the arguments, pro and con. I happen to be one who has taken the time to study those briefs. I have come to the conclusion on the showing that has been made by the Budget that I cannot conscientiously support this amendment because it would be clearly an invasion of the

constitutional authority vested in the Congress, if we were to now embark upon a program which will lead us to no one knows where. No one can claim that if you start on this steam-plant program that it will not expand all over the United States. The simple fundamental question that you must determine here and now when you vote on this amendment is, Are you going to vote for nationalization of the power interests of this country? If you believe in the nationalization of power, then you ought to support this amendment. If you do not, you ought to vote it down.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. KEFAUVER].

Mr. KEFAUVER. Mr. Chairman, a few minutes ago the gentleman from New York [Mr. TABER] made the statement that out of the four-hundred-and-twenty-odd-million dollars which have been invested in power in the Tennessee Valley, only \$10,000,000 had been paid back into the Federal Treasury. The record shows that the Tennessee Valley Authority has paid back into the Treasury of the United States in excess of \$23,000,000 in cash. Also that out of the earnings from the sale of power of the Tennessee Valley Authority, which have been reappropriated for the building of additional facilities—which I do not see that there is any difference whether it is turned back in cash to the TVA, it means the same thing, it is all passed through the Committee on Appropriations—that \$92,000,000 in addition to the \$23,000,000 has been repaid. The important thing is whether TVA is making money so that it can repay the Federal Government the full amount of this investment.

The record shows that last year on its power properties the TVA earned an income at the rate of 5½ percent on the amount invested. Over the entire period of its operations a little more than 4 percent has been earned on its power properties.

If the Members of the House are truly and sincerely in earnest in cooperating with the TVA to make repayment of every cent that has been invested, they will not jeopardize the TVA in such manner as to refuse to build this steam plant. If the private-power lobby succeeds in putting a ceiling on the power supply in the Tennessee Valley, it is not only going to adversely affect 5,000,000 people that live in the valley but it is going to adversely affect the entire investment of the Federal Government in that valley.

IF THE PRIVATE POWER LOBBY SUCCEEDS

If the private power lobby succeeds in putting a ceiling on power supply in the Tennessee Valley it will limit the earnings of the distribution systems with loans outstanding from REA to the amount of \$30,000,000 and with \$52,000,000 of municipal revenue bonds now held by the public. It will threaten the prosperity of the thousands of private enterprises which have made investments dependent on a prosperous region and a continuing supply of power to pay out. It will risk our national security, for TVA's direct power load is vital to defense.

Yet the private power companies do not and cannot claim that they will be injured if the disputed project is constructed. They have no competitive investment in the Tennessee Valley. They cannot pretend to be able to carry the load even if the people of the Tennessee Valley wished to be served by them. As an alternative to the present efficient operations, they propose that each town and city and each industry should provide additional power capacity itself as its load increases, projecting for the valley a system of small isolated plants—a system based on the standards long since abandoned everywhere. To block the new Johnsonville steam plant is to prevent the full and effective use of power from the developed river and the conservation of the fuel resources of the Tennessee Valley.

The campaign of the private power companies to prevent TVA from having an adequate power supply to meet the power needs of its area is based on some of the most remarkable misrepresentations and preposterous suggestions brought forward in all my experience as a Member of this body.

First. The private power companies come forward with the ridiculous statement that they are pleading the case of the 140 municipalities and cooperatives who buy power wholesale from TVA to distribute to their customers. They shed crocodile tears in great abundance for the welfare of the domestic and resident customers of those systems. Nobody who comes from the TVA area could be fooled by that concern for a moment. We have not forgotten that when the private companies served that area there were only 225,000 residential and domestic consumers. Those consumers annually used an average of 600 kilowatt-hours at an average cost of more than 5 cents per kilowatt-hour. We know that today there are 700,000 domestic and residential consumers who use an average of about 2,500 kilowatt-hours a year at a cost of scarcely 1½ cents per kilowatt-hour. Small consumers of electricity in the Tennessee Valley know which agency is protecting their interests. Today more than 50 percent of the farms have electricity. Before TVA 1 in 23 had this essential tool of modern agriculture.

None of us from the Tennessee Valley were fooled by this argument but some other Members of this House, not knowing the difference since we have a public power system to supply our requirements, may have been impressed. Indeed, I think the majority members of the Appropriations Committee were probably impressed with the misleading figures presented in the hearings by the \$65,000-per-year lobbyist of the private utilities and his allies. He stated that more than 50 percent of all power sold by TVA went to private industries and contended that the steam plant was not required in order to provide adequate power for TVA's preferred customers, the municipalities, and cooperatives.

Purcell Smith, the private utilities lobbyist, was wrong. He was wrong in his percentages, wrong in his interpretation, wrong in the conclusions he drew.

Let us examine TVA's industrial customers for a moment and see if men from

the West, North, and East would look kindly upon the moratorium on their production which would follow if their power supply were cut off. TVA serves governmental agencies; it sells power to its own chemical plant at Muscle Shoals which produces munitions in war, and in peace, fertilizer, which, to most Members of this House, seems critically important right now. The power used in this operation is included in TVA's direct sales report. How about the atomic-energy plant at Oak Ridge? TVA serves that plant and its consumption is included in the total of so-called industrial sales. The Milan Ordnance plant, the Huntsville Arsenal, Camp Campbell, the Smyrna air base, and other military establishments—these are the customers whom the private power companies suggest should be denied service; a suggestion which should be voted down by this House without delay as a shocking attack on our national security.

Let me go into the privately owned industries for a minute so that we can see what justice there is in the utilities' suggestions that they be cut off. Is any Member of this House willing to place obstacles in the way of aluminum production, or in the steady and, indeed, increased output of the heavy chemical plants which make up the remainder of TVA's large direct sales to private industries?

Let us get the facts straight to match with the misrepresentations which were made in the hearings by spokesmen for private utilities. Let me list them:

First. Utility witnesses misinformed the committee as to the proportion which TVA's direct sales to industry bear to its total sales. The utilities witness knew, although perhaps the committee did not, that TVA's reports of its total direct sales includes sales to the Government itself, to which I have just referred.

Second. Such comparisons of total volume are meaningless because TVA sells to private industry large quantities of interruptible power which cannot be sold to the municipalities and cooperatives and such power can be disposed of in only two ways (a) by sales to a few industries which can use it in their operations; (b) by exporting it from the region to private power companies who can use it on their systems; (c) actually in fiscal year '49 less than 45 percent of TVA's total sales will go to its direct customers, including the Government and including interruptible power sales. This is a far different picture from the one presented out of ignorance, greed, and malice by the private power companies.

Third. The point of all this emphasis on TVA's industrial sales has been to convince the Congress that if power so used were made available to municipalities and cooperatives there would be no need for the steam plant. The utilities are wrong. They have no expert knowledge of growth of electricity use on the TVA system. They have never been right in the past and they are not right now. TVA could not legally deny power to the private industries it has contracted to serve. Even if it could, it would be

against the public interest and shockingly unfair to the companies which have made large investments, particularly during the war at the request of the Government and with the assurance that their power requirements would be met. But even if it were legal and if it were good public policy, such a fantastic proposal would not postpone the need for the steam plant. For the western half of Tennessee, which the steam plant will help to serve, the power demands of the municipalities and cooperatives already exceed the available generating capacity, and power must be brought into the area by transmission from the eastern end of the TVA system.

There is no evading this issue. The customers of the municipalities and cooperatives for whom the private power companies are showing such belated concern need this increase in capacity. There is no feasible alternative. All the proposals made by the private power companies are ludicrous, unjust, and technically primitive. If this great area of the country is to continue to grow—to contribute more to the national welfare, additional power capacity must be provided and the construction of this steam plant is the best way to do it.

(Mr. KEFAUVER asked and was granted permission to revise and extend his remarks.)

(Mr. DAVIS of Tennessee asked and was granted permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from Mississippi [Mr. ABERNETHY] is recognized.

(Mr. ABERNETHY asked and was granted permission to revise and extend his remarks.)

Mr. ABERNETHY. Mr. Chairman, demand for power has increased as never before. No one ever anticipated that so soon after close of the war we would find ourselves on the verge of a critical power shortage. The facts are, however, that it is now with us. We have a reserve of less than 0.2 of 1 percent above that used today. With the rapid advancement of rural electrification and with industrial development moving upward and upward in less time than we might expect the wave of progress which our Nation now enjoys might soon falter for lack of electric power. And this is particularly true in that great region served by the Tennessee Valley Authority.

Private utilities are moving to meet the emergency in the territories which they serve. They are expanding their facilities through the construction of steam plants and various other methods. It would be a cruel act of this Congress, which created the TVA, to say to the Authority that we will not permit it to meet an identical emergency in the territory which it serves.

The TVA serves an area of 80,000 square miles, lying partly in seven States. Approximately 140 municipalities and cooperatives are wholly dependent upon TVA for electric power. There is no other source of supply, positively none, for the 5,000,000 people living within the Tennessee Valley.

Whether you approve of TVA or not, it remains that it is an established agency of the Government, created by the Congress of the United States. Some of you who oppose it cry that TVA is a monopoly. Sure it is a monopoly, but every other power company in the United States has a monopoly in the region which it serves. It would be most impracticable and uneconomical for two power companies to operate in the same territory and therefore they do not follow the practice. Agreeing that the TVA has a monopoly in the Tennessee Valley, the fact remains that it was so created by the Congress. Prior to its establishment the power companies made little or no effort to bring power to the millions living within the valley. In my own district I could count on my fingers the number of miles of rural power lines erected by the private power companies who now wail about the steam plant. With the advent of TVA our people have made great progress socially, economically, and industrially, where before many were living in drudgery, reading by the light of oil lamps, and waiting, waiting, waiting for the private power companies to do a job which they had failed and refused to do. It was then and then only that the Government stepped in and created the TVA and made possible the rapid development which has taken place in the valley over the past 15 years.

Now, Mr. Chairman, that same power lobby which for year after year successfully defeated every move and effort to establish the TVA, is again making itself felt in the Halls of Congress. They know that without the steam plant, as proposed by my friend the gentleman from Tennessee [Mr. GORE], that the TVA may be unable to supply a steady flow of electric power. They hope that it will eventually lead to the death of TVA. Nothing would please them more.

This Congress has appropriated large sums of money for the development of power in the great regions of the far West. On each and every item for the benefit of you who reside in the West, the Members from the Tennessee Valley have upheld your cause, worked for and voted with you. We confidently believe you will help us. And we are grateful to you for that support.

I trust, Mr. Chairman, that this amendment will be adopted.

Mr. ABERNETHY. Mr. Chairman, I ask unanimous consent that such time as I have yielded back may be yielded to the gentleman from Tennessee [Mr. JENNINGS.]

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The CHAIRMAN. The gentleman from Tennessee [Mr. JENNINGS] is recognized for 4½ minutes.

Mr. JENNINGS. Mr. Chairman, much has been said about a great special and unfair favor having been conferred upon Tennessee and my section of the State. Tennessee has been a State since 1796. The first considerable amount of money that was ever expended on a public project in my district

and in my State, with respect to flood control and navigation, was expended under the TVA Act. For 100 years it had been the dream and aspiration of my people to see the Tennessee River made navigable from Knoxville to the Gulf of Mexico and to the whole world. It was a difficult proposition, because of the rapid flow of the river through Muscle Shoals. Billions and billions of dollars have been spent in other parts of the country on such projects. No private power company could have undertaken this project. The Tennessee River today, as a result of that project, is navigable from my city, Knoxville, to the Gulf of Mexico and to the great ports of the world.

As an incident to the development of the river, it was provided that these high dams should be built high enough to store the water and prevent floods, and so controlled as to release the water when necessary for navigation purposes, and as an incident to that, to translate the energy of the falling waters into electric current. Everybody knows that to make a hydroelectric system profitable, you must have stand-by steam plants.

This leader of the forces called by Theodore Roosevelt, when he was Governor of New York, Black Horse Cavalry, this smooth operator Smith, this \$65,000,000 lobbyist, led his crowd of cohorts up here and conducted an attack on my people, and this is what he and his confederates boldly, frankly, and brutally say:

Although substantial additional power can be generated by installation of new hydrogenerators, it is approaching the limit of the amount of electricity which can be generated by water power harnessed primarily for purposes of flood control and navigation.

The proposal to construct this steam plant is based upon the recognition of these two factors and is intended to provide additional generating capacity to meet the demand for electric power in the 80,000-square-mile area served by TVA.

In other words, they propose by stopping the development of the great enterprise on which 5,000,000 people depend for power, to say to my people, "You cannot expand any further industrially nor in agriculture. You can go back to kerosene lamps."

Why did the atomic energy plant come to my district and to Tennessee? Because it was the only section of the country that had enough power to produce the atomic bomb, and for the further reason that we had a supply of labor within a radius of 100 miles that was of undoubted patriotism. They were 100-percent American. There were no strikes, no slow-downs, no sit-downs in the making of the bomb. This is a fight on the 5,000,000 people who live in Tennessee, in North Carolina, Georgia, Alabama, Mississippi, and Arkansas and Kentucky. They fight 200,000 laboring men and women in my district. They fight 100,000 farmers. They fight 50,000 veterans of World War II. We sent more than 50,000 into this war. We have 460,000 people in the district. Twelve hundred of those men died in battle. Thou-

sands have come back maimed, blinded, and wounded, and wrecked physically.

Not long ago I went to Huntsville in my district to attend a hearing by Army engineers on a flood-control project I had sponsored and made possible. It was hoped the project might mean power, and on a winter's day with snow on the ground, 500 people came, of whom more than half were war veterans looking for power in order that they might have industry that would enable them to remain in their home county and engage in profitable enterprise on the farms and in factories.

Let me say this in addition, the people of east Tennessee helped make the Republican Party with their guns. East Tennessee sent 30,000 soldiers into the Union Army, and I have a district that has remained Republican since 1855. Shall I go back to my people and have them say to me: "Were our aspirations, were our desire to grow, and develop, and to prosper, were they slain in the house of our friends?" I have had to fight to hold that district in the Republican column. I hope you do not create the impression by defeating this appropriation for the steam-generating plant that the future progress and prosperity of the people of Tennessee are in unfriendly hands.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

The gentleman from Washington [Mr. JACKSON] is recognized for 2½ minutes.

Mr. JACKSON of Washington. Mr. Chairman, I certainly have no selfish interest in the outcome of this particular appropriation. My State is not directly affected. I do have a great respect, however, for a job well done in the Tennessee Valley. The truth is that the Tennessee Valley Authority, like our great power projects at Grand Coulee and Bonneville in the Pacific Northwest, provided the basis for a great part of our industrial potential in World War II. It is invaluable to our national defense now.

Too many times when we bring up the Tennessee Valley Authority appropriation we get into the issue of whether we should or should not have a TVA. The truth is that it is an accomplished fact. The only question to be decided today is whether or not this is a prudent investment.

If this were a private utility asking for these funds and we were the board of directors, I am sure we would give our wholehearted approval because it would be simply good, sound, business. TVA is merely asking for the same thing that a private utility would ask for under the same circumstances.

I am sure that all of us want to see the Government get the maximum return out of its investment in the Tennessee Valley. By voting for this amendment we will be providing for more firm power which will mean a greater return to the Treasury. We will merely be doing the very thing that we would ask TVA to do if they had not come in and asked for these funds.

In that connection I venture to say that the Tennessee Valley Authority would have been criticized if they had not come in and asked for these funds.

In closing, may I pay my personal tribute to the untiring efforts of the gentleman from Tennessee [Mr. KEFAUVER] in behalf of the Tennessee Valley Authority. It was my pleasure a couple of years ago to make a trip through the Tennessee Valley area with him. Few men in the Congress have a better grasp or understanding of this great project than my good friend and colleague the gentleman from Tennessee, Representative KEFAUVER. He has been its ardent champion. The people of the great State of Tennessee are fortunate, indeed, in having such excellent representation in the Congress.

I hope the Committee will approve this amendment.

The CHAIRMAN. The time of the gentleman from Washington has expired.

The gentleman from Pennsylvania [Mr. FENTON] is recognized for 2½ minutes.

(Mr. FENTON asked and was given permission to revise and extend his remarks.)

Mr. FENTON. Mr. Chairman, back in 1939 or 1940 the statement was made concerning these Government-owned projects that sooner or later it would develop into an octopus and the country would realize that they had something to contend with.

That statement is now proving to be a fact and today finds this Congress faced with it.

I am absolutely opposed to the amendment to establish a steam plant in the TVA.

In certain parts of our country we see these Government-owned projects developed to such an extent that it is driving private industry out of business. We hear much about brown-outs and no power in some sections of the country, yet our Government-owned facilities are selling power from that area to Canada. The claim is made notwithstanding that there is a shortage of power.

We know that private power companies in some sections of the country cannot at the present time borrow sufficient money to expand their facilities to remain in existence even though they are willing. Yet the people of the great United States, the taxpayers, have to pay for people in some parts of the country having cheap power. Of course, that is what they want—cheap power.

The private power company in my particular district is spending this year \$113,000,000 to expand their property. They have not come to this Congress and asked for money with which to build power plants. They stand on their own feet and use their own money.

Mr. Chairman, the time has come to recognize all this. Why, in some parts of the country there are condemnation proceedings depriving private industry of their property and for the purpose of using the same property in the Government-owned electric system. What is going to happen to the farmers and other businesses of this country when the Government says to them: "We want your farm; we want your business. Get off it, we will take it." How will they like that? This kind of action is rapidly

socializing this great country and now is the time to stop it.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. FLANNAGAN.]

Mr. FLANNAGAN. Mr. Chairman, when you leave common sense out of legislation you wreck it. This amendment only restores to the bill a common sense provision the committee left out.

Consider these facts:

First. We all realize that the home and factory alike need a dependable supply of electricity. Without dependability electric power is practically useless.

Second. It is a recognized fact that water power alone, except in a very few instances, does not furnish a dependable supply of electricity. The reason is apparent; at certain seasons the water in most streams, due to dry weather, becomes low.

Third. To meet this handicap that nature has placed upon water power, practically all water-power companies have stand-by steam plants that are brought into play to supplement the water power during dry seasons.

Fourth. In the Tennessee Valley the water power has two handicaps that the ordinary water-power plant does not have, namely: (a) The TVA has to keep enough water impounded for navigation, and (b) at the same time it cannot permit its reservoir to become full because this would jeopardize the flood-control aspects of the Authority.

Fifth. The fifth element that enters into the TVA power picture is this: The only source of power in the great TVA area, which embraces parts of seven States and contains a population of around 5,000,000 people, and in which area is located some of the large plants essential to national defense, is TVA power. There are no private power plants within the area, and it is admitted that private power plants cannot be induced to enter the area.

The above facts bring us face to face with these propositions:

First. If the supplemental steam plant is denied the area, then development in the area becomes static. We say to the people of the area the present is also your future.

Second. We jeopardize our national defense by making it impossible for the national defense plants to increase their capacity. It is no answer to say if the emergency becomes acute we will authorize a steam plant. Emergencies do not wait on the erection of power plants.

Considering the facts, the common-sense answer to the problem should be clear.

(Mr. FLANNAGAN asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. EVINS.]

Mr. EVINS. Mr. Chairman, we have already heard today much about the legality of the TVA, its statutory and constitutional authority, the creation of the TVA, its growth and development, the extent and type of TVA's power customers, as well as the need for the New Johnsonville steam plant to firm up the hydro power generated by TVA

to augment the services of TVA to the people of the Tennessee Valley area.

The need for this steam plant is clearly apparent and certainly this has been clearly demonstrated.

The President has recommended in his 1949 budget an item of \$4,000,000 which would permit TVA to commence construction of this steam plant to be located at New Johnsonville, Tenn., on the Tennessee River in the western part of my State. This plant is badly needed to help relieve the power shortage and to meet the rising demand for electricity resulting from the general economic growth of Tennessee and the South. The sum requested is very modest and small. The benefits to be derived therefrom are great—great for our people and also for the prosperity of the people of the entire Nation. When one section of our country makes progress all the Nation prospers.

Mr. Chairman, a joint partnership relation exists between the TVA and the people of the area which it serves. And when I say "partnership" that is precisely and exactly what I mean. The Federal Government and the people of the Tennessee Valley area have entered into a contract and partnership agreement in the power generating and distributing business in this section of the South. The arrangement is mutually beneficial—and each is dependent one upon the other. The Federal Government is the sole power producer in the area and the people—the municipalities and cooperatives—the sole distributors. This partnership arrangement was entered into when the Federal Government bought out the private utilities in the area—the Commonwealth & Southern utility holdings, the sale of which was negotiated by the late Wendell Willkie. So, now the Federal Government, through the TVA, is the sole supplier of electric power in this vast area of the Southland. The people there are wholly dependent on the Federal Government for their power-supply needs and requirements. Since the Government has formed this joint partnership with the people certainly it should not go back on its part of the bargain. The Congress should not break faith with the people with whom it has agreed to serve.

The Federal Government has an investment of more than \$350,000,000 in generating and transmission facilities in the TVA area. This is owned by all of the people of America. The people of the Tennessee Valley—7,000,000 of them—750,000 of whom are users and consumers of electric power within this area—reside in 7 States—Virginia, Kentucky, Tennessee, North Carolina, Georgia, Mississippi, and Alabama, an area of more than 80,000 square miles. The people within this region own the distributing facilities with an investment of \$160,000,000. There are 140 municipalities and rural electric cooperatives distributing TVA power in the region.

I should like to stress in a very special way, Mr. Chairman, the fact that the Tennessee Valley power system is not a wholly owned Government corporation as some would have you believe. The Tennessee Valley power system, in its

entirety, consists of a joint partnership as I have indicated, the Federal Government owning the dams on the rivers and the generating facilities; the people owning the distribution facilities, the municipal and rural electric cooperatives. The Government's assets, as indicated, amount to \$550,000,000 and the people's investment amounts to \$160,000,000. The real value of both the Government and people's investment is dependent upon the continued and proper operation of TVA. Both partners thus have a big investment in this joint business enterprise. The Federal Government is dependent upon its partner—the distributors—to carry TVA power to the ultimate consumer and certainly the people are dependent upon the Federal Government to supply the electric power which it uses, consumes and needs.

There is a definite concern upon the part of the people of the area that the senior partner—the Federal Government acting through the Congress—may not make sufficient appropriations to insure the consumers an adequate source of power supply. The people of the Tennessee Valley have carried out their part of the bargain with the Federal Government in the TVA development, and certainly the people are most hopeful that the Federal Government will continue to carry out theirs. Frankly, there is no reason—certainly no good reason—why this should not be done. In the TVA the Federal Government—all of the people of America—have a sound investment. Figures prove this to be true. Therefore, from an economic and strictly business point of view this mutually satisfactory arrangement should be continued. From the standpoint of service to the people and the prosperity of the Nation, the Congress should not take any action which would, in effect, say, "This much progress you shall make and no more," "Thus far you can go and no farther;" the Federal Government should not put a ceiling on power production nor freeze the amount of power which may be produced when electric power is so greatly needed both for our domestic progress and national defense purposes.

Mr. Chairman, it is a matter of common knowledge that a power shortage exists in America today. Although some people want to debate this fact, everyone—even the most ardent advocates of private power—agree that there is no great surplus or excess amount of power and they also agree that there is an increased consumer demand and a growing need for additional power for industry and national defense purposes. All over the Nation power demand is pressing hard upon supply. This growing demand for power is a testimonial of progress. It is evidence of a growing regional and national strength. It should be hailed as a triumph of democratic achievement.

Mr. Chairman, among the purposes declared by the Congress in passing the TVA Act was to develop the resources of the Tennessee Valley for the benefit of all the people; to promote the prosperity and raise the level of income of the people of the Valley; and also to strengthen the entire Nation by making

the valley more productive. The Tennessee Valley, although richly endowed with natural resources, has been one of the low-income areas of the Nation. Progress has been made—progress in the development of our rivers for purposes of navigation and flood control—improvement in the fertility of our soil and the prevention of soil erosion through approved methods of conservation. Progress has also been made through the extension of rural electrification. In 1933 when TVA was passed, as has been indicated, only 1 farm in 28 had electric service. Today 50 farms out of every 100 are served by electricity through out efficient rural-electric cooperatives cooperating with the Tennessee Valley Authority. Within the Fifth Congressional District of Tennessee, the district which I have the honor to represent, the farms in 1930 were only 5 percent electrified. Today a little more than 51 percent of the farms of the Fifth District are served by electricity. It is my hope that rural electrification can be extended to the farm areas of all sections of our common country, as each strong region makes for a stronger Nation. Let us not take any action here today which would reverse this trend of progress. This progress should continue for the general health and well-being of all the Nation. The Federal Government's activities within the TVA area—including the TVA Chemical Engineering Experiment Station at Muscle Shoals—the atomic energy plant at Oak Ridge and the various military establishments alone justify the appropriation here requested.

Mr. Chairman, if the United States Government is to keep faith with the people and carry out its responsibilities as the sole supplier of power for a region of 80,000 square miles—with 750,000 existing consumers and more than 100,000 additional farms to be served in the next few years, the additional steam plant here requested is required.

Mr. Chairman, let me ask the membership of this House these questions:

Are we going to break our contract and end our partnership with the people of the Tennessee Valley area?

Are we going to close the door to any further progress in the South?

Are we going to cripple our progress and the national defense of our country?

Are we, in short, going to sell out to the private power trusts—the utilities that would like to put a stop to our prosperity?

Are we going to go back to the days of the private power monopolies?—To the days of Insull, who had his yacht anchored off the shores of New York ready to set sail for parts of the world unknown?

Are we, by our action here today, going to turn the clock back as far as the future of America is concerned?

No, Mr. Chairman, I do not think so. I certainly hope that our Republican colleagues will not permit this to happen. It is my hope that the members of this Congress will vote the modest sum requested by the pending amendment to the Appropriation bill for the Tennessee Valley Authority. I urge adoption of the

amendment, not only in behalf of the people of Tennessee, but of all the people of America.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. MUHLENBERG].

Mr. MUHLENBERG. Mr. Chairman, it seems to me that we are losing part of the real sense of this amendment when we say that we may be for it or against it based primarily on whether or not the job may make a profit or whether it is a good investment. I do not believe that that small consideration is what should decide our vote, because it comes down to the larger question of whether or not you believe the United States should take money away from its citizens by taxes and then to invest it in any enterprise which it believes may be profitable; and this is what we are really deciding. If we are going to do that, then we are doing something that is questionable as far as our system of government is concerned, the new principle that because the Government can make money, therefore it ought to be in business. I do not believe that that is the kind of legislation we ought to support. Let me say further, that the idea that this is based on merely supplementing the power of falling water by another means, and that therefore it is merely incidental, seems to me to be going far beyond the purpose of the original legislation which never did, in my opinion, include the idea that there should be something supplementary to the falling water, but merely that in multipurpose dams some way should be found to make useful the power of the falling water.

I do believe that when we go beyond that we are going beyond the original purpose of the act, and that is not in the general interest of the taxpayers. I trust the amendment will be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona [Mr. MURDOCK].

(Mr. MURDOCK asked and was given permission to revise and extend his remarks.)

Mr. MURDOCK. Mr. Chairman, I take this time to ask the author of the amendment a question. When I heard the amendment read I thought I should like to know specifically what this added \$4,000,000 is to do.

Mr. GORE. I stated immediately after offering the amendment that it was for the purpose of restoring to the bill an amount which was included in the budget draft of the bill, of \$4,000,000, to be used to commence the construction of a steam generating facility by the TVA at New Johnsonville, Tenn. May I point out further that instead of the cost being \$84,000,000, as has been repeatedly cited here, the ultimate cost is to be \$54,000,000, and whatever appropriation is made by the Congress for this item will be included in the amortization plan enacted by this Congress last year, by which the total amount will be repaid to the Government in 40 years, at which time the Government will still own the facility and its earning capacity.

Mr. MURDOCK. I am glad to get that statement. Let me say I am heartily

in favor of the amendment. I wanted the legislative history to show clearly just what the money was being added for, in case we adopt the amendment. I hope the amendment is adopted.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK. I yield to the gentleman from Missouri.

Mr. PLOESER. Mr. Clapp's answer to a question by the gentleman from New York [Mr. COUDERT] was this: "Our present estimate is that this is an \$84,000,000 project."

Mr. GORE. If the gentleman will yield, I do not find disagreement with Mr. Clapp's statement, but the program of which he spoke contains not only the steam-generating plant here proposed but the installation of hydroelectric generators in dams already in existence. It is a part of a program. The steam plant itself will cost only \$54,000,000.

Mr. MURDOCK. Mr. Chairman, I come from a part of the country where we have to use every drop of water in every way that is effective. One of those ways is to create hydroelectric power. With the variation that is found in the flow of every river, we cannot get maximum power production unless we do have stand-by plants.

It has always seemed ridiculous to me that those who speak so highly of good business practice will try to prevent the Government from doing the very thing that good business management always does. It has been pointed out many times during the debate that every private utility producing electric power with falling water necessarily has its stand-by plants. It is good business to do so. It is a part of American efficiency, and good business judgment to firm up the hydroelectric power and thus be enabled to contract for the sale of the same on a firm basis at a much higher rate.

Everyone knows that the cheaper the power can be produced and sold the greater the volume of sale of the power. Talk about a planned economy of scarcity—the monopolistic influence of private power utilities who try to keep production down and price up are rarely able to do so to advantage to themselves and always with inevitable harm to the communities they are serving. Electricity is one of the necessities of modern life. To limit its production and its availability to our people is about as wrong as to deprive them of air and water. I have no quarrel with the private utilities, excepting where they attempt to thwart the production of public power and thus throw a blight over a community and tend to bring it into economic bondage. With this in mind, I am giving the amendment of the gentleman from Tennessee my full support.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. McCORMACK].

(Mr. McCORMACK asked and was given permission to revise and extend his remarks.)

Mr. McCORMACK. Mr. Chairman, this matter is an issue which is far greater than the \$4,000,000 involved and far greater than the starting and ultimate building of the steam generating

plant proposed at New Johnsonville, Tenn. This is a matter which concerns many other projects in the future. If this amendment is defeated, it is going to have a serious effect on the development of many sections of our country and in the conservation and use by the people of the natural resources in many sections of our country.

We have to bear in mind in connection with this project that private capital refuses to or will not enter into this activity and build it with its own money. The purpose of certain private utilities is to try to confine the TVA power operations to being only a byproduct of navigation and flood-control developments, and nothing else.

We have been through this fight for 15 years in this House. There is nothing new in this fight. All through the years those of us who view these questions from a forward-looking or progressive angle have been charged with either State socialism or communism, or some other harsh characterization. Today, in 1948, this is nothing but the Government extending its secondary functions and powers to meet a situation in the interest of the public where private capital has either failed or is unable to enter into the situation and give to the people of the Tennessee Valley area the benefits that this particular steam-generating plant will bring to them. Our development of power projects and the sale of power has strengthened the private utilities and strengthened private competitive business. There has been nothing constructive about it. It is consistent in this economic age with the very necessities, purposes, and objectives of our Government.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama [Mr. JONES].

(Mr. JONES of Alabama asked and was given permission to revise and extend his remarks.)

Mr. JONES of Alabama. Mr. Chairman, it is unfortunate and regrettable that sectionalism would become a factor in the consideration of this amendment.

Indicative of the propaganda that has been spread about is that the construction of the steam plant would jeopardize industrial expansion outside of the area served by TVA. This has been manifested by letters reported in committee hearings from various chambers of commerce and others, expressing hostility toward TVA. No doubt, the authors of such speculations have been the private utilities whom they follow blindly.

What the power companies are really proposing is a ceiling on progress in the Tennessee Valley. They would perpetuate a poorer-than-average standard for the region, in reckless disregard of the fact that a region which is less productive than it should be is a brake on the prosperity of the entire Nation.

In short, even though the economy of this area is still predominantly agricultural, they say there has now been enough growth of industry in the Tennessee Valley. It must be stopped. At first, ignoring the fact that nearly all industries in the area buy their power through the municipal and cooperative

distribution systems, they pretended solicitude for those systems by concentrating attention on the few large industries served directly by TVA. Then, when it became generally understood that the new steam plant was required to meet the growing needs of the consumers served by the municipalities and cooperatives, the attacks were broadened to include assaults on all industries in the area. A campaign of opposition was stimulated throughout the country. Letters and telegrams are pouring into Washington. The theme is identical, frequently the words are the same. They all protest the industrial development in the Tennessee Valley. Some of them assert that industries are moving there from other regions of the country, attracted by low-cost power. A few of them accuse TVA itself of soliciting such removal.

Such charges are false. Although such activities are considered a legitimate activity of every private power company, TVA does not solicit industries directly or indirectly. No single example has ever been cited to support the claim. Nor are industries moving to the TVA area to the detriment of other regions. It is true that industries have been developing there as they have been developing elsewhere, and the growth in the TVA area since 1933 has been rapid. The region is beginning to catch up with the rest of the country. Private enterprise is thriving in the Tennessee Valley, the people are more prosperous. Their progress is a gain to the Nation. The TVA was established to accomplish just this objective.

Production everywhere must be increased today; national security and economic health require it. Everywhere increased production depends upon an increase in this Nation's power supply. Almost every region is threatened with a power shortage. Private power companies are expanding their facilities, belatedly attempting to overtake the demand they earlier denied, and, by their denials, curtailed and discouraged.

Almost alone among the major power companies the management of TVA has kept abreast of the expanding requirement of a growing region. Now the private power companies, hard pressed to meet the rising demands of their own consumers, are intervening to limit the power supply to be available to the consumers of this great public power system in the future. In opposing the new Johnsonville steam plant they are asking the Congress to duplicate in the area served by TVA the restrictive practices they have fostered in the past in the regions where they are responsible for service.

In 1933 the per capita income of the people in the TVA area was 43 percent of the national average income. At the present time it has increased to 58 percent of the national average. At the same time, we have grown in income to the point that we pay approximately 6 percent of the national taxes, as compared with 3.4 percent before TVA.

It is inconceivable that any argument could be sustained in the support of any measure that has as its aim the suppres-

sion of the progress of the people of a large section of the United States.

Let us refrain from indulging in emotional and provincial thinking, and let us resolve that America—to be strong—must not have weak links. Let us recognize that the progress of one section of our country contributes to the progress and the well-being of the whole.

If this amendment fails, we have said in effect to the American people that we can vote 6,000,000,000 for the Marshall plan for help in Europe, yet we are presently invoking the Morgenthau plan against a section of our own United States.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. COOPER].

(Mr. COOPER asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, it is to be regretted that more adequate time is not available for discussion of this very important question. Most of the remarks made here in opposition to the pending amendment should have been made in 1933 or 1938 or 1940 when legislation with respect to the Tennessee Valley Authority was under consideration. Most of those remarks have no application to the question under consideration here today.

I rise in support of the amendment offered by my distinguished colleague, the gentleman from Tennessee [Mr. GORE] who is a member of the committee in charge of this bill. The sole question here presented for consideration is whether or not the Tennessee Valley Authority, which has already been in existence for a decade and a half, and doing a remarkable job, shall do the businesslike thing in carrying forward this great program; whether they shall be allowed the opportunity of doing the same thing that all of the power companies of this country do, that is, to provide for a standby steam plant, to make it possible to provide firm power for the customers to be served under this program. It is the same type of policy that is followed by every power company in the country. It is in the interest of the Federal Government. It is in the interest of the people of this country, because the people own the Tennessee Valley Authority. So the sole question presented is whether or not the Congress will permit this agency of the Government to do the businesslike thing in carrying forward this great program which has been authorized by the Congress. You placed upon those in charge of the TVA program the responsibility and duty of conducting the affairs in a businesslike manner, and the adoption of this amendment will assist them in doing so.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. COOPER] has expired.

The gentleman from Tennessee [Mr. PRIEST] is recognized for 2½ minutes.

Mr. PRIEST. Mr. Chairman, I ask unanimous consent to revise and extend my remarks at this point in the Record, and I yield back the remainder of my time and ask unanimous consent that such time as I have yielded back may be

granted to the gentleman from Texas, the distinguished minority leader, Mr. RAYBURN.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee [Mr. PRIEST]?

There was no objection.

Mr. PRIEST. Mr. Chairman, I want to direct the attention of the Committee to one vitally important consideration in our discussion of this amendment. It was pointed out in the minority report that TVA is the sole supplier of electric power in an area comprising 80,000 square miles in a portion of seven States in which reside more than 5,000,000 American citizens.

Failure by the Congress to recognize that fact, and to assume its obligation to meet future as well as existing demands for power in the area would be inconsistent with the principles and responsibilities of representative government.

When in its wisdom the Congress enacted the Tennessee Valley Authority Act in 1933 it established as its objective the full-scale development of the Tennessee River for navigation, flood control, and power.

One of the essential parts of the original program was the wide distribution of electric power at low cost.

Exercising clear constitutional authority the Congress in 1939 enacted amendatory legislation that authorized the Tennessee Valley Authority to acquire the existing properties of Tennessee Electric Power Co. and other companies within the area and thus to become the sole supplier of electric power for the area.

Mr. Chairman, it seems crystal clear to me that when the Congress in 1939, approved the acquisition of these properties as the soundest approach to the elimination of a duplication of facilities, and the removal of an unhealthy economic situation, it was the congressional intent that TVA should become the sole supplier of electricity for the area.

The Senate committee report on the bill authorizing this acquisition—S. 1796, Seventy-sixth Congress—said in part, and I quote:

The agreement reached by the Commonwealth & Southern Corp. and the Tennessee Valley Authority to carry out this sale of the Tennessee Electric Power Co. properties would end all such controversies and do away with any possible competition between the parties.

Notwithstanding the liberal price to be paid for the properties included in the contemplated sale, both the friends and critics of the Tennessee Valley Authority as well as the Commonwealth & Southern Corp., the real owner of the property to be sold, are satisfied with the price agreed upon for the sale of such properties. The elimination of potentially wasteful competition in this area would be a factor of major importance. An audit of the properties to be purchased, made by the engineers of the Tennessee Valley Authority, indicated that the value of the properties involved in the contemplated sale were not worth more than \$70,000,000. The difference between this sum and the total consideration of \$78,600,000 agreed upon can be regarded as the cost of eliminating this destructive competition, a competition damaging and injurious both to the Tennessee Valley Authority and to the private owner

of the properties to be purchased (S. Rept. 189, 76th Cong., 1st sess. (1939), pp. 8-7).

Now, Mr. Chairman, it is wholly inconceivable to me that the Congress could have reached a decision to eliminate this competition and thereby establish TVA as the sole supplier of power for the area without at the same time recognizing the responsibility of TVA, with congressional backing, to provide in the future whatever facilities that circumstances might make necessary to serve the area over which the Authority had been given jurisdiction.

Can any Member of this House conceive of the Congress taking action that would have the effect of freezing the power supply for a great area of the country as of a certain date?

Moreover, Mr. Chairman, in the hearings before the House Committee on Military Affairs, which had House jurisdiction of the legislation affecting TVA prior to the Reorganization Act, it was clearly recognized that there was a possibility that additional generating facilities, including steam-generating plants, might become necessary.

During the hearings before that committee the distinguished gentleman from Massachusetts [Mr. CLASON] questioned Mr. J. A. Krug, who at that time was power manager for the TVA, in part, as follows:

Mr. CLASON. And the system of steam-generating plants you are getting from the Commonwealth & Southern, plus this water development that you contemplate, will be sufficient to supply all of that area?

Mr. KRUG. Yes.

Mr. CLASON. And you would not expect to have to build any more steam-generating plants in the near future?

Mr. KRUG. Not in the near future. I think I should make it clear that in the power business it is virtually impossible to plan for longer than a 10-year period. Our plans run over approximately 10 years. After that time the load in this area will grow and additional capacity will have to be installed at some place in that area to take care of the growth in that load, if the present upward trend in the use of electricity continues.

Mr. CLASON. But you have no plans now to develop anything further that will require any more steam-generating plants in this area for the next 10 years?

Mr. KRUG. No, sir. (Hearing before subcommittee of House Committee on Military Affairs, S. 1796, 76th Cong., 1st sess. (1939), pp. 111-112.)

I call your attention, Mr. Chairman, to the emphasis apparently placed on a 10-year period by the gentleman from Massachusetts [Mr. CLASON] and Mr. Krug. Bear in mind that these hearings were held in 1939, and next year will be 1949.

Mr. Chairman, without going into all of the details, let me point out that the entire legislative history of the TVA Act proves without a single doubt that Congress, from the time it passed the original act until this hour, has assumed that construction of auxiliary or supplementary steam generating plants might be necessary. That assumption has been implemented by congressional authority in the past, and after the 1939 amendment which made TVA the sole supplier, there should no longer be even a remote doubt of the congressional intent.

Bear in mind also, Mr. Chairman, that as of today the TVA is obligated by contract to supply power to a total of 140 municipal and REA cooperative distributors. These towns and rural distributors have signed contracts in good faith with the Agency which the Congress has established as their supplier of power. They have a right to look to the Congress to see that they are not frozen.

It is no more than simple justice to these cities and farm cooperatives to provide for whatever additional generating facilities may be necessary to furnish the power for an expanding economy. I hope very much the amendment of my distinguished colleague the gentleman from Tennessee [Mr. GORE] will be adopted.

The CHAIRMAN. The gentleman from Texas [Mr. RAYBURN] is recognized.

Mr. RAYBURN. Mr. Chairman, for a long time I have been mixed up in this fight between the public and private power, and power companies in particular. It happens that in 1935 I put through this House, and it was passed by the Senate, the Utility Holding Company Act. Propaganda went throughout the length and breadth of the country that we were putting out of business the private utility companies, but every right-thinking operating utility in the United States today that has got local management and local ownership is glad that they were freed from Wall Street.

I am deeply regretful, coming from the section of the country that I do by birth, the district of the gentleman from Tennessee [Mr. JENNINGS], to hear these narrow appeals to sectionalism. It has always been my thought that a thing that made one section of our country prosperous should be felt in every other section of the country. We cannot improve any particular section of the country without that being reflected in wages and prices and employment in other sections of the country.

We have in this country two schools of thought. One of them does not think there ought to be any private utilities. I do not belong to that school. There is another school that does not think there ought to be any public power. I do not belong to that school. It has been demonstrated in the section of the country where I live, by a contract made with the Southwest Texas Power Administration, a private utility company, that they can get along. They have a contract that is mutually beneficial to both of them, and they are getting along very well. The power companies in that area, even with that competition, with this existing contract are making more money than they ever made before in their history.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. THOMAS].

The gentleman from Texas does not respond.

Mr. GAVIN. Mr. Chairman, I ask unanimous consent that I be given the time allotted to the gentleman from Texas.

Mr. RAYBURN. The gentleman cannot do that. The fact that the gentleman may not be here at the moment does not mean that he will not be here in another minute.

Mr. GAVIN. I will let the Chair rule on that. The gentleman is not ruling on that decision.

Mr. RAYBURN. Yes, I am, too; because I am going to object to it.

Mr. GAVIN. It is not necessary to put words in the mouth of the Chairman. Let the Chairman speak for himself.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. RAYBURN. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Mississippi [Mr. WINSTEAD] is recognized for 2½ minutes.

Mr. WINSTEAD. Mr. Chairman, I rise in support of the amendment to restore to the bill \$4,000,000 required to build the proposed steam plant at New Johnsonville, Tenn., by the TVA. It has been pointed out that in 1939 the seriousness of our national defense situation entered into the authorization for TVA to build a steam plant, and that being true there was no question but that the Government had a right to make provisions for such a steam plant. If we could think of no other reason, and the minority members of the committee have pointed out many, the seriousness of world conditions today provides ample justification for building this steam plant. The thinking and activities of the membership of this Congress for months have been in terms of preparedness and, with the billions of dollars appropriated for purposes yet to stand the test, it is easy to see that business-as-usual is not the order of the day.

The importance of TVA is to be seen in the fact that the United States Government has invested in the TVA power system nearly \$440,000,000 and that our Government owns the TVA real property, its generating plant, its distributing system, and its earning capacity. We have been shown by the debate here that the TVA alone supplies power to this vast section of the country and that in no other way can the growing demands of this area be met. It has been pointed out that the steam plant is nothing new in the operation of a hydroelectric system or a system which generates most of its electricity by water power and is not even new to TVA operations. Furthermore, we know that where hydro power is available for a greater part of the year that there is a great advantage in having a steam plant to operate during the dry months in order that there may be a dependable flow of power throughout the entire year.

The Tennessee Valley, as the sole supplier of power in an area of 80,000 square miles, parts of 7 States and 5,000,000 people, is an asset to the entire Nation and should be developed to meet the demands for power in that area both now and in the foreseeable future.

There is no doubt but that there is at present a terrific power shortage, not only in this section but throughout the United States. Many people have been seeking TVA for a great number of years and countless rural homes are still waiting to be supplied with electric power which has been denied them due to the heavy load now being carried by the power systems in the sections waiting to

be served. The progress of this great service should go forward, not backward.

I plead with you to provide this steam plant to firm up this hydro power which you provide in this bill. The Nation needs this firm power; we need it for the farmers of the Nation, for the municipalities of this region, but, above all, an adequate supply of electricity is needed for the atomic-energy plant at Oak Ridge, and it is needed to provide the aluminum for the 70-group air force you provided today. As a member of the Armed Services Committee I know such an air force is the first move toward peace.

Weeks ago I opened the fight for such an air force because I knew it to be a move toward peace. The Senate backed this measure, 74 to 2, and in the House of Representatives there were only three dissenting votes. We must have such a 70-group air force, and, yet, all this will be in vain unless we have the electricity to provide the aluminum to build the planes.

I plead with you to provide this steam plant to firm up this new water power and thereby make available 1,000,000,000 kilowatt-hours of electricity needed for domestic use, and absolutely essential for adequate national defense.

(Mr. WINSTEAD asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from Missouri, chairman of the committee [Mr. PLOESER], is recognized for 5 minutes. It is the understanding of the Chair that the gentleman is claiming 2½ minutes of the 10 originally reserved to the committee, in addition to the 2½ minutes allowed him because of the fact that he was one of the Members on his feet seeking recognition at the time limitation was fixed.

Mr. PLOESER. That is right; and if I do not consume the time, Mr. Chairman, I ask unanimous consent that it still may be reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. PLOESER. Mr. Chairman, there have been a lot of arguments go over the dam in the last 2 days. The simple fact is that the Committee on Appropriations decided after very exhaustive study of the Tennessee Valley statutes, its history, and the surrounding arguments that have been presented legally over the years that there was no authority in the Tennessee Valley Act for an authorization for the building of a steam power plant. Based upon that opinion the committee acted as it did.

I note that the gentleman from Tennessee [Mr. GORE], a very distinguished member of this committee, who does not agree with the majority opinion of the committee, has offered an amendment to the bill which merely increases the appropriated amounts by \$4,000,000, but deliberately avoids writing into the bill a specific authorization naming the construction of a steam power plant. That may simply be an oversight or it may be fear of the fact that there is no such authorization and that such an amendment would not hold.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. PLOESER. I will in a moment, but not right at this point.

We do not believe that there is authority in the law for the construction of this plant. You can twist these arguments all you choose into public versus private power, but the fact remains that this committee has in its history permitted the fulfillment of the program in connection with the development of hydro-electric power and the building of such dams, despite the occasional propaganda which has emanated from the Tennessee Valley born of some government source which has tried to accuse the committee to the contrary.

I do not believe that even if this statement passed—and I do not believe it will pass—but should it pass, should you increase the amount to \$4,000,000—I do not believe the Tennessee Valley Authority has the authority to use it for the construction of a steam power plant, and I think before you have finished they will find that they have \$4,000,000 which cannot be spent until there is legislative authority which will necessarily have to come from a legislative committee granting them the use of this money for that purpose.

I do not believe in its wisdom that the General Accounting Office could approve the expenditure of this \$4,000,000 for that purpose.

You can argue all you want to the contrary, you can satisfy any man's natural ego, but in a degree it is a little bit unfair to say to the people of the Tennessee Valley, many of whom agree with the arguments made by the proponents of the amendment that this \$4,000,000 clears the track, gives them the money to begin a great project that will cost ultimately \$84,000,000 to construct steam plants and all incidental facilities only to learn at a subsequent date that the administration of the Tennessee Valley Authority would not find in the law sufficient authority and could not obtain approval from the General Accounting Office. That is based upon a rather thorough study of the entire history of this case.

It is easy enough to go on making arguments that we want a steam plant, we need a steam plant, give us a steam plant, but that is not the way to legislate. Of course, the argument that if you deny or give, authorize or not authorize a steam plant for the Tennessee Valley Authority applies to every other hydroelectric project in the United States. That argument borders on the ridiculous. I cannot accept it myself.

I hope the committee will see fit, therefore, to stand by the Appropriations Committee by voting against the pending amendment.

Mr. Chairman, the proponents of the amendment are well aware of the lack of authority. Had language been offered it is my opinion that it would have been lost on a point or order.

The construction of a statute cited as authority for an appropriation presents one of the most difficult problems in parliamentary procedure if that statute fails to specifically authorize, in definite terms, the proposed appropriation.

Various decisions of the Chair have dealt with the complications presented in such a case, but the most explicit statement on the point is included in a decision by the Honorable William J. Graham, of Illinois, presiding in the Committee of the Whole House on the State of the Union in 1922, when he stated:

First, the words of this act of November 2, 1921, must be given their fair and ordinary interpretation; and second, it seems to the Chair that the rule doubtless is that a strict construction should be given to every authority that is contained in any act of this kind. In other words, if there is doubt about the authority it ought not to be construed to be an authorization (7 Cannon 1216).

According to another decision the general statement of purpose for which a department is established, as set forth in the organic act creating it, is not to be construed as authorization for appropriations not specifically provided for in succeeding sections of the act providing for bureaus designated to carry out the declaration of purpose. In support of an appropriation in 1919 for the Department of Labor to advance the opportunities for profitable employment of the wage earners of the United States the statement of purpose—in almost identical language—included in the organic act creating the Department was cited. The chairman, the Honorable John N. Garner, of Texas, sustained the point of order. Two years later, in 1921, Mr. Joseph Walsh, of Massachusetts, sustained a point of order raised against a similar appropriation under the same purported authority—Seventh Cannon's Precedents, pages 1264, 1265.

A declaration of policy embodied in a statute has been held by the Chair not to authorize appropriations for purposes germane to the policy but not specifically authorized by the act. The Congress had enacted a law declaring it "the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of a merchant marine," and that declaration was cited, in 1927, as authority for an appropriation for loans to purchasers of ships. The chairman, the Honorable James T. Begg, of Ohio, held the appropriation was not thereby authorized—Seventh Cannon's Precedents, page 1200.

A mere statutory reference to an office was held, in 1921, not to be sufficient authorization to warrant an appropriation for pay of an incumbent. In that case it was proposed to appropriate for pay of Indian police. Indian police had been mentioned in various acts of Congress and had been appropriated for in a number of annual appropriation acts but when the point of order was raised by the chairman, the Honorable Simeon D. Fess, of Ohio, held that, since the laws cited did not specifically authorize their appointment, the appropriation was not in order—Seventh Cannon's Precedents, page 1215.

Certainly there is no specific authority in the Tennessee Valley Authority Act for the construction of steam plants and the appropriation may be supported only by an interpretation of the act. The general counsel of the Authority, in a memorandum on the subject—page 1050,

hearings, Government corporations appropriation bill, 1949—states as follows:

TVA's statutory authority to construct steam plants is clear. (See TVA Act, secs. 4 (f), (i), and (j); 14; 15.)

Section 4 (f) merely authorizes the Board to purchase, lease, or hold real and personal property.

Section 4 (i) authorizes the Board to acquire real estate for the construction of facilities.

Section 4 (j) sets forth the power of the Tennessee Valley Authority to construct dams, reservoirs, and so forth. That part of the section which relates to the construction of power houses and power structures generally is quoted below as follows:

and shall have power to acquire or construct powerhouses, power structures, transmission lines, navigation projects, and incidental works in the Tennessee River and its tributaries.

Section 14 directs the Board to establish the value of the various properties of the Authority and to allocate the cost thereof to the various purposes of the act. Steam plants are referred to only incidentally in this connection.

Section 15 authorized the Tennessee Valley Authority to sell bonds for use in the construction of any future dams, steam plants and other facilities. This authority to sell bonds was subsequently repealed so the entire section is without present effect.

Section 4 is the section which delineates the powers of the Authority. The particular provision important to this discussion is subsection 4 (j) wherein the authority to construct power houses is specific, and it is the only place in the act where the authority to construct any type of work or facility is definitely, directly and specifically stated. Therefore, it must be looked upon as being the basic authority for appropriations for construction of facilities necessary to the purposes of the act. When such a specific section exists in a law, the power of the Chair to indulge in speculation as to the meaning of other vague sections of the act to justify a purpose which is not included in the definite specifications is greatly reduced.

Subsection (j) authorizes the Authority to construct power houses and other types of structures "in the Tennessee River and its tributaries." It seems only logical to conclude that this section tends to authorize only the construction of hydroelectric plants inasmuch as powerhouses are specifically authorized for construction "in the river" where certainly a steam plant could not be constructed.

The purposes for which the Tennessee Valley Authority was created are set forth in section 1 of the act, as follows:

For the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Ala., in the interest of the national defense and for agricultural and industrial development, and to improve navigation in the Tennessee River and to control the destructive flood waters in the Tennessee River and Mississippi River Basins, there is hereby created a body corporate by the name of the "Tennessee Valley Authority."

It should be noted that this section does not mention development of power.

The board's authority to sell power sounds in subsection L of section 5, which reads as follows:

(L) To produce, distribute, and sell electric power, as herein particularly specified.

The use of the word "particularly" in this section must have some especial significance inasmuch as it is not used in connection with the other powers vested in the Board by section 5 or, for that matter, in connection with the powers of the Authority itself as set forth in section 4. It becomes important, therefore, to determine just what is "particularly specified" in other sections of the act with respect to authority to "produce, distribute and sell electric power." Sections 9a and 10 delineate the powers of the board, and of the authority, in this field. The authority to sell power is set out in section 10 as follows:

The Board is hereby empowered and authorized to sell the surplus power not used in its operations, and for operation of locks and other works generated by it, to States, counties, municipalities, corporations, partnerships, or individuals.

This section refers only to surplus power.

Section 9 (a) authorizes the Board to generate and market power in the following words:

The Board is hereby directed in the operation of any dam or reservoir in its possession and control to regulate the stream flow primarily for the purposes of promoting navigation and controlling floods. So far as may be consistent with such purposes, the Board is authorized to provide and operate facilities for the generation of electric energy at any such dam for the use of the corporation and for the use of the United States or any agency thereof, and the Board is further authorized, whenever an opportunity is afforded, to provide and operate facilities for the generation of electric energy in order to avoid the waste of water power, to transmit and market such power as in this act provided, and thereby, so far as may be practicable, to assist in liquidating the cost or aid in the maintenance of the projects of the Authority.

It should be noted that in this section the Board is required to conduct the operation of the dams and reservoirs primarily for the purpose of promoting navigation and flood control and that the power to generate and dispose of electricity is secondary to navigation and flood control, and that the authority to furnish power to other than Government agencies is only "in order to avoid the waste of water power."

In sections 11, 12, and 12a, the sale of electric power is referred to but in each instance the language of the act meticulously refers to the sale of surplus power.

Sections 22 and 23 of the act authorizes the President, in broad language, to conduct surveys of the Tennessee River Basin and to make plans therefor looking toward the physical, economic, and social development of the area and to make recommendations to the Congress with respect to such legislation as he deems proper to carry out the general purposes so stated, but in enumerating the subjects on which he

may recommend legislation the following is stated with respect to electric power:

(3) The maximum generation of electric power consistent with flood control and navigation.

Clearly, that sentence, by its reference to flood control and navigation, could refer only to hydroelectric power. There seems no question that the use of the word "particularly" in section 5L when read in conjunction with other provisions of the act delimits the power of the TVA to the sale of its surplus hydro-produced power.

There is no provision in the act which gives the TVA any authority whatever to construct power facilities, to generate electric power, or to sell electric power, except as the manufacture of such power may be incidental to the primary purposes set forth in the act—navigation and flood control—and as such electric power as is offered for sale is surplus to its own requirements. Indubitably the power business of the TVA is purely an incidental business and authority of law for appropriations for its power activities must therefore be even more specific than for the primary purposes of the act. Consequently, it does not seem appropriate to indulge in strained interpretations of indirect references in the act to support the contention that there is authority for the construction of steam plants. It must be concluded that no such authority subsists, inasmuch as, first, there is no specific authority in such act for the construction of steam plants; second, the authority of the Board to sell power is restricted to the selling of surplus power; and third, the construction of steam plants would be only for the purpose of putting the Tennessee Valley Authority in the power business as a primary rather than an incidental objective.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. CLEVENGER].

Mr. CLEVENGER. Mr. Chairman, TVA itself admits that it is within 500,000 kilowatt-hours of the ultimate hydro development in its valley; that the dam sites now existing on the various rivers down there will complete all the possible hydroelectric installations.

I have not taken any time in general debate, but I do for a moment wish to direct attention to page 462 of the hearings to an exchange between Mr. Clapp and myself as to the cost of generating power at the Watts Bar steam plant.

(The information requested follows:)

Generating costs—Data for fiscal year 1947
[Mills per kilowatt-hour of net generation]

	TVA hydro plants	Watts Bar steam plant
Operation.....	0.23	2.44
Maintenance.....	.05	.25
Total production expense....	.28	2.69
Provision for depreciation.....	.36	.74
Total.....	.64	3.43

Mr. CLAPP. We will supply those figures, and I think too, that you will be interested in the report of this committee a year ago.

Mr. CLEVENGER. Obviously.

I cannot take too much of your time at present. But you will see that the production at the Watts Bar steam plant is 10 times the cost of hydro production. You will see also that the cost of maintenance is 5 times as much per kilowatt-hour. If you are going to embark on this proposition of providing steam plants I want you to consider that you are going into a field in which they themselves say the cost will be 10 times as great and maintenance 5 times as much.

I want to remind you too that the Monsanto Chemical Co., one of the beneficiaries of this cheap power down there is building a new plant near Dayton in my State. A lot has been said here about Insull, Wall Street, and private companies. As the gentleman from New York [Mr. COUDERT] said yesterday, less than 33½ percent of the power developed down there at present is going to the preferred customers. The Monsanto Chemical Co. is building a great plant south of Dayton, in my State, but they are preparing to buy their power and pay for it. They are not asking the United States Government to come into Ohio and build a power plant there.

It just sort of borders on the ridiculous to sit through the committee hearings with these wonderful gentlemen on the minority side, without any heat, without any recrimination, without any charge of sectionalism, and then hear them on the floor, these special pleaders, make these arguments. They simply set-up straw men, then knock them down. It is a question of those who want to continue to feed at the public trough. The municipalities and co-operatives are and can be supplied for any foreseeable period of time.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WHITTEN].

(Mr. WHITTEN asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Chairman, as we come to the conclusion of debate on this amendment, there are, in my opinion, some facts that have not been clearly brought out by various Members who have discussed this matter on the floor.

The Tennessee Valley Authority is the only utility in a big section of our country. It is the only source of power for parts of 7 States, for 80,000 square miles of territory, and 5,000,000 citizens. Whether the Congress was right in so providing is a moot question, because the Congress so decided and today this 5,000,000 people can look only to the TVA for power. If the people in that area are to get electricity, it must come from the TVA, because that is the only utility. All utilities in other sections of the United States are putting up steam plants and increasing their producing facilities to meet the needs of the public, and if you turn this amendment down today you are saying to the TVA region and that region alone, "You cannot do what they are doing in every other section of the United States," and that is to increase the production of electricity in an effort to meet the needs and the demands of the people

of your section. The TVA is a fact. It is a utility. As someone has said, it is a monopoly in this area. A public utility is a monopoly in practically every other section of the United States. To provide otherwise would be to have duplicate lines, duplicate facilities, and increased costs.

Now, I would like to call your attention to another fact in this case. Opponents of this amendment raise the question of the legality of the TVA building a steam plant: Who raises that question? Those who would vote against this amendment if they knew there was all the authority in the world for such construction; those who have been led to believe that development of the TVA region has hurt them—when in truth the development of the TVA area has given markets greater than ever before existed. There is not a one who raises the question of authorization who would vote for this amendment, regardless of what the law is. Let us see if a steam plant is anything new. When the TVA took over Wilson Dam constructed in 1918, they took over the hydro units, and they also took over a steam plant. When the TVA bought the hydroelectric power units of the Commonwealth & Southern they bought with it steam plants, all with the approval of this Congress. What is the difference in buying and operating a steam plant and building and operating a steam plant? However, in 1939 this Congress specifically authorized the TVA to build a steam plant, they did build it, and today the TVA operates five steam plants in connection with their hydro power system.

It has always been recognized that steam power to firm up hydro power is essential for the maximum benefit of the hydro or water power. It was recognized as stated when Wilson Dam was built. This fact was recognized by Commonwealth & Southern and by this Congress. Last year the TVA developed 1,000,000,000 kilowatt-hours of electricity by steam. Why? Because during the dry seasons the hydro capacity is low; it must be raised by steam in order to make dependable the hydro power available most of the year. Under the TVA Act dams were built on the Tennessee River for flood control and navigation, just as we have done in every other section of the United States. In arguments made here this is complained of. In North and South Dakota alone this Congress has provided for the spending of more money for flood control than has ever been spent in the TVA area for flood control, navigation, and electric current all combined, or so I am advised.

Now, we provided nothing more than was provided in other sections when we provided for flood control and navigation in the Tennessee Valley. But here—and I think it was wise, and I think it ought to be done in other sections, but whether you agree with that or not, it was done—we provided that as long as the reservoirs were kept sufficiently empty to provide reservoir space for flood control, and as long as the water was kept high enough to provide navigation, under the TVA Act the TVA, within those limits, was directed to manufacture all the electricity that

the water power would produce, so as not to waste water power. Now, we all recognize that need. To fully utilize that power some provision had to be made to supply power needs during the dry seasons, steam-generated power was necessary. The Commonwealth & Southern recognized it. In the building of Wilson Dam we recognized it. This Congress recognized it in 1939 when we authorized the construction of the Watts Bar steam plant by TVA. If you have waterpower only a part of the year, it is common sense in the dry season to operate a steam plant so as to make the water power firm on a year-round basis. There is not a man here that would want to sign up with any company, TVA or otherwise, for electricity, when he knew he could obtain such electricity only when waterpower was available. You want permanent, dependable, reliable power. The TVA last year generated a billion kilowatt-hours of electricity by steam, and as a result they sold from 14,000,000,000 to 15,000,000,000 kilowatt-hours of electricity from waterpower and steam. Without the 1,000,000,000 kilowatt-hours of steam electricity, they would have been able to sell only 9,000,000,000 kilowatt-hours of firm electricity.

In this bill more than a quarter of a billion kilowatt-hours of electricity from water power is provided for the TVA in new hydro generators. If the steam plant is added to firm up that water power, 1,000,000,000 more kilowatt-hours of electricity will be made available to a Nation crying for electricity—not to the TVA region alone, but the country, because any surplus of electrical power the TVA has, is today, and will be made available to the private utilities. They get it now. They want all they can get from the TVA. Last year this Congress said the TVA must repay to the Government the money invested in power facilities. Of course, after the Government is repaid the TVA will still belong to the TVA. Last year a payment of more than \$10,000,000 was made. The TVA will make another payment this year. The TVA made a profit because by the use of steam to firm up this water power they were able to sell from 3,000,000 to 5,000,000 more kilowatt-hours of electricity than they would have been able to do in the absence of steam power.

If this new hydro power provided by this bill is firmed up it will mean \$2,000,000 per year net profit to the TVA and thus to the Government. If it is not firmed up, it must be sold at dump rates as undependable electricity and if the private companies can firm it up they make this profit.

It is my judgment that since the private utilities cannot meet their own needs they cannot firm up this power. But, if the majority is sincere in its efforts to protect the Government's investment, why do they not firm up this additional hydro power provided in this bill if thereby they can make more dependable electricity available.

Today the entire Nation faces a critical power shortage. There is less than two-tenths of 1 percent margin of

safety between the amount of power used and the amount of power that is available. Today we are right on the brink of having insufficient power to meet our domestic needs. Many private companies are having to ask their customers to cut down, street lights are dim, Navy vessels are being used, electrical appliances are being damaged, all because of the national shortage. I do not see how the Congress could afford to pass up this opportunity to make another 1,000,000,000 kilowatt-hours of electricity firm and dependable. When you provide the extra hydro in this bill and a steam plant in addition not only makes this 1,000,000,000 kilowatt-hours dependable and reliable in time of great national need, but actually will result in \$2,000,000 net profit to the Government over the amortization of the cost of the steam plant. If you do not do this the new hydro power must be sold as dump power, power that is not firmed up. If you do not permit the TVA to firm this power up, in my opinion, they are going to have to continue to sell it at cheap rates to big industry, which can run when the power is available and close down when it is not, and yet that is what the opponents of this amendment say they object to.

Today we have passed through this Congress an appropriation for a 70-group air force. That air force is on paper. It is going to take planes, and planes are going to take aluminum. That aluminum must largely come from the Tennessee Valley, if power is available. In the Tennessee Valley area we have the Oak Ridge plant manufacturing atomic bombs and largely supplied by TVA power. It is requiring today great amounts of electricity and it will take more in the future. I say to you that if you do not grant this steam plant today you are saying to the country that 1,000,000,000 kilowatt-hours of electricity that the country needs shall not be made available as firm, dependable power because we do not want to add a steam plant to go with the new hydro power provided for by this bill where there are already 5 steam plants which you have provided for the hydro power already in operation by the TVA. You say you are not interested in the \$2,000,000 annual net profit to the Government that would come from the tying of the steam plant into the hydro system—and yet you claim you want the TVA to return the amount invested to the Treasury.

No, the people of other sections have been led to believe that the development of this area has been at their expense. This is not true. If all undeveloped sections could be developed, it would help all the rest of the country. The added purchasing power and goods purchased in this area is tremendous and provides a great new market for products from all sections of the United States.

The Nation needs this extra firm power a steam plant would bring to the new hydro units provided in this bill. The Government needs the \$2,000,000 net profit which would result, to pay for our investment in the TVA. I cannot see how, in view of our dire shortage of electricity, anyone could oppose the con-

struction of this plant. Since this is the only source of power in the area you should want this utility to meet the needs of the people it serves. The private utilities will get any surplus they have.

If the Republican leadership today turns down this amendment, in my opinion, you demonstrate that as a party you are not only against the development of public power, but are for strangling that which we have. You are for continuing our present shortage and for giving this \$2,000,000 that the TVA could net from this great natural resource to the private power interests.

Today you make your record and I think for whatever it may be worth, if you defeat this amendment you say to the States of Tennessee and Kentucky, and others as well, and to the great West and Midwest, the Republican Party is opposed to public power development. Not only that, but it is opposed to permitting the production of the maximum power where public power already exists. I do not believe you want to go to the country with any such record.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. COUDERT].

Mr. COUDERT. Mr. Chairman, I wonder if there has ever been a time in the history of this House when so much energy and persuasive eloquence has been spent for the benefit, the special benefit, the special privilege of the Aluminum Co. of America, the Monsanto Co., and all the other great industrials who will be the only direct and immediate beneficiaries of this steam plant.

The gentleman from Mississippi who has just had the floor made an impassioned plea for more power in the Tennessee Valley. "If this steam plant is not provided, the Tennessee Valley will run short of power." What is the matter with those great companies who are presently cashing in on the subsidized cheap power? Cannot each one of those companies build a steam plant for its own surplus requirements just as cheaply as can the taxpayers of the United States? Is there any reason, even, why some of the great cities and municipalities of the area should not build their own steam plants? As to those municipalities, that necessity of course will not arise, as was pointed out yesterday and repeatedly today, because the present production of hydroelectric energy by the present installations of the Tennessee Valley Authority is entirely ample to meet the demands of the municipalities and cooperatives as far as the imagination can see, and it was so admitted and conceded without reservation by Mr. Clapp, who is Chairman of the Tennessee Valley Authority.

Much has been made of the fundamental principle of public development of electric water power. There is nothing in this bill which in any way, shape, or form limits hydroelectric development or limits the right of TVA to take advantage of the water-power resources of the valley. The bill carries \$29,000,000 for the development of new and additional generators, 11 of which will produce 400,000 more kilowatts when

completed in the next year or two, which is almost 20 percent additional capacity. In addition to that, TVA will shortly have the benefit of 200,000 more kilowatts to be generated from new dams constructed by the Corps of Engineers on the Cumberland River. So that you can look forward to 600,000 more kilowatts of power to be distributed by the TVA in the next 2 or 3 years. So it is quite obvious that the steam plant is not needed for the fundamental purposes of TVA, which was to supply its byproduct—electric energy—to the preferred class of customers in the valley, to wit, municipalities and cooperatives. Therefore, what does this steam-plant proposal in effect do? It in effect marks a departure—a radical and fundamental departure—from the initial purposes of Congress in the enactment of the TVA enabling law. It marks a departure from the philosophy of TVA accepted by David Lilienthal, whom no one can charge with being reactionary in matters of TVA or public power. In the committee report we quote that same distinguished gentleman who is now Chairman of the Atomic Energy Commission testifying before a joint committee of the Congress. In his testimony he points out most emphatically the fundamental difference between TVA and a public utility. Says he:

A public-utility company has no problem of increasing demands. It merely builds new facilities.

"TVA, however," says he, "builds its dams not in response to the power-market situation, but only in response to the demands of navigation and flood control," which were the initial and primary purposes for which TVA was originally set up. Therefore, if this amendment is adopted, you will not only fly in the face of the initial purpose of TVA, you will not only completely flaunt constitutional limitations, you will not only fly in the face of a normal and proper construction of the act and the limitations of authority contained in the act, but you will be opening the door wide to unlimited development of TVA as, primarily a great utility system, by permitting the construction of 1, 2, 10, 20 steam plants—there is no limit. You will be passing beyond the phase of development of water power into the phase of subsidizing a great unlimited public utility for the benefit of a small percentage of the American population who have the good fortune to reside in the Tennessee Valley and those few great industrialists and their stockholders who had the good sense to move in and take advantage of that cheap power. It becomes, in effect, the Tennessee Valley versus the United States and all the other taxpayers. You are confronted with Mr. Lilienthal on one hand and Mr. Clapp on the other. It is not just a question of the steam plant, it is a question of the fundamental principles involved. Is the United States at this time, by means of an appropriation bill to determine a great question of policy, to wit, shall we establish a great Government utility to be subsidized by the taxpayers of the Nation for the benefit of a small group of people who live in the Tennessee Valley? That is the funda-

mental issue. That is the issue which the committee believes should be decided only after the full and careful consideration afforded by proper hearings before the appropriate legislative committee of the House.

I therefore urge that the amendment be defeated.

The CHAIRMAN. The time of the gentleman from New York [Mr. COWDERT] has expired.

[Mr. MILLER of Connecticut addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Tennessee [Mr. GORE].

Mr. GORE. Mr. Chairman, I demand tellers.

Tellers were ordered; and the Chairman appointed Mr. PLOESER and Mr. GORE to act as tellers.

The Committee divided; and the tellers reported there were—ayes 120, noes 157.

So the amendment was rejected.

Mr. MILLER of Connecticut. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD just prior to the taking of the vote on this amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. PLOESER. Mr. Chairman, I wish to ask the gentleman from Texas whether he knows of any other amendments to be offered and whether he would object to considering the bill as read, amendments to any paragraph of the bill to be—

Mr. MAHON. I may say to the gentleman from Missouri that I personally know of no other amendment to be offered from this side. There may, however, be other amendments.

I have no objection to considering the bill as read.

Mr. PLOESER. Mr. Chairman, I ask unanimous consent that the bill be considered as read, the bill to be open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The CHAIRMAN. Is there a point of order against any of the remaining paragraphs of the bill? The Chair will entertain them at this time. Points of order will not be entertained after the consideration of an amendment has been undertaken. [After a pause.] The Chair hears none.

Mr. PHILLIPS of California. Mr. Chairman, I move to strike out the last word of the section referring to the RFC. That section of this bill which contains the appropriations for the administration of the RFC reminds us that the Committee on Appropriations, and perhaps this particular subcommittee, has a very important job to do. Under the European recovery program, now called the economic cooperation plan, the RFC was authorized, as I understand it, to advance \$1,000,000,000 to get the program started. I think it is important that this House should know what that money is

being spent for, and in particular, I want to ask this subcommittee how much, if any, of this appropriation we are discussing today, is being used for the administration of the foreign-aid program, thus in effect adding indirectly to the appropriation the Subcommittee on Deficiency Appropriations is discussing for foreign aid. We should know it, Mr. Chairman, if the administration asks for money for one purpose, and uses it for some other purpose; or if it asks for money for one agency, and then implements the appropriation by using funds allotted another agency.

This leads me directly, Mr. Chairman, to another phase of the presently confused subject of foreign aid. For more than a year, since the distinguished occupant of the White House decided there had to be a foreign policy named after him, instead of just a foreign policy credited to his predecessor, we have been told that we were working to "contain communism." The idea is alliterative but deceptive. First, we had the Truman doctrine. To the obvious embarrassment of General Marshall—excuse me, Secretary Marshall—who had only a few weeks before he told the Chinese National Government that it would have to combine with Communists, to receive any more United States aid, we told the nations of Europe they would get no aid from us, unless they separated completely from the Communists.

As the European recovery plan developed, the idea was whooped up that by our mighty efforts and great sacrifices, we would prevent the further spread of communism in Europe. This may also embarrass Secretary Marshall—who is without question an honest man personally, and who doubtless wishes he were just Mr. Marshall—for I now read by the papers that we are still shipping scrap iron to Czechoslovakia, behind the iron curtain. I read that when the head of one of our organizations in Germany called a halt to this practice, the freeze order was countermanded by higher authority. Mr. Marshall might like to explain how this contains communism. I would also like to know if it is true that designs and specifications of our more recent aircraft, furnished by agreement to one of our most trusted allies, also found their way back of the same iron curtain, through the socialistic government now controlling that nation. Does that contain communism?

These are two of many incidents. Ships loading at a New Jersey port, with important machinery and supplies for Russia, at the same time the President was talking about containing communism. The entire output of locomotives from one American manufacturer going to Russia. In a recent speech, Mr. W. Averell Harriman, our new Ambassador at Large, or should I say largess, who was approved for that job by another body of the Congress at the same time the House of Representatives was demanding he release a letter from Mr. J. Edgar Hoover of the FBI, which formed the basis for an entirely proper question concerning the security factor in keeping a much-publicized scientist on the job he still holds in the Department of Commerce; in that speech Mr. Harriman is reported

to have said, "This country has embarked on a program to face Communist aggression." In the same speech Mr. Harriman is also reported to have advocated "increased trade between western Europe and Russia, to break down barriers between them" and that he added that "the United States would be ready to extend a friendly hand to the Kremlin."

When I was in college there used to be a joke about one of the professors who was reported to have spoken of going out of the room with his back to the door in front of him. Mr. Harriman is the only other person in my experience who could undoubtedly perform this rather difficult feat.

The truth of the matter is, Mr. Chairman, that no nation of Europe, and no intelligent Member of this Congress, and no understanding citizen of the United States has the slightest idea that the Truman doctrine, nor the Marshall plan, nor ERP, nor ECA, will contain communism. The only thing that will contain communism is strength, supported by courage and determination, and backed by a firm and unchanging foreign policy on the part of the State Department of the United States.

Mr. Hallvard Lange, the Foreign Minister of Norway, was undoubtedly expressing the attitude of all foreign ministers when he was quoted in the Norwegian News of Brooklyn on March 4, 1948, as saying that—

Instead of hampering trade with eastern Europe, the Marshall plan presupposes an increased commerce between eastern Europe (i. e., Russia) and the 16 countries.

Mr. Lange continued:

Thus, we have during the past 2 months signed a new trade treaty with the Soviet Union which for 1948 will give us one-third of our needs of our bread grains in exchange for herring, whale oil, and similar products. Our trade with Poland brings us coal in exchange for fish, horses, and industrial products; and in the near future we will begin discussions with Czechoslovakia for a new trade treaty. In the same manner we hope to expand our commerce with Hungary, Yugoslavia, and the eastern European states where our trade is now small.

Understand me, Mr. Chairman, I am not objecting now to this trade between European countries, particularly when it is confined to non-war-making commodities. But I rise to remark that we should be honest about it, and that the State Department should be honest with the American people. I want the House Committee on Appropriations to take time enough to find out, for all of us, whether this is a program to contain communism or one which in reality extends a friendly hand to communism. I want that committee to find out just what is going behind the iron curtain from this country, and how, and who pays for it. I want to know these answers, and some other answers along the same lines, before the Members of Congress are asked to vote billions of hard-earned money, belonging to the men, women, and children of the United States. I do not want that money used largely to keep alive and underwrite Socialist and Communist governments in Europe.

(Mr. PHILLIPS of California asked and was given permission to revise and extend his remarks.)

The pro forma amendment was withdrawn.

(Mr. HESELTON asked and was given permission to revise and extend his remarks.)

Mr. HESELTON. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, it may seem inappropriate, with the temperatures we are enjoying here at this time, to raise this question which I have done repeatedly throughout this session. But I think no one who has had an opportunity to read the report of the Subcommittee on Armed Services, which was recently published, dealing with the situation confronting us as a nation in terms of the lack of petroleum and petroleum products, will take issue with the questions I wish to address to the chairman of the committee with reference to the committee's intention as to expenditures of the appropriations in this bill. I confess I have found very little in the hearings or in discussing the matter with the committee that would indicate any substantial amount of new installations or proposed conversion from coal to oil.

However, in connection with the Panama Railroad there is a provision for dieselizing a number of locomotives in that area. That raises the question which is before us even in this country in terms of the wise extension of Diesel power on our railroads at a time when none of us know whether we are going to be in a fuel-oil shortage next winter, or whether we are going to be, in fact, able to provide the necessary and essential petroleum products with which to operate our military services. I assume, too, that in connection with the operation of the Housing and Home Finance Agency, both directly and probably indirectly, this very problem is involved. I have talked with the chairman. I know he is in accord with the sensible operation of any kind of conservation of our fuel resources.

I simply want to ask this question for the record and for the guidance of those who have to spend these funds: Is it the committee's intention that there shall not be new installations of oil-burning equipment or conversion from coal to oil equipment except where it can be clearly demonstrated that that is economically wise in areas where there may not be any such problem to meet?

Mr. PLOESER. The gentleman can certainly feel sure that that is the opinion of the chairman of the subcommittee, and I think it is probably safe for me to express that as the opinion of the entire subcommittee. I know of no exception to that opinion.

Mr. HESELTON. I thank the gentleman.

Mr. PLOESER. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that the bill do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GRANT of Indiana, Chairman of the

Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes, had directed him to report the bill back to the House with the recommendation that the bill do pass.

Mr. PLOESER. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. GORE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. GORE. In its present form, I am, Mr. Speaker.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. GORE moves to recommit the bill to the Committee on Appropriations with instructions to report it back to the House forthwith with the following amendment: On page 2, line 9, strike out "\$27,389,061" and insert "\$31,389,061"; and in line 13 strike out "\$21,689,000" and insert "\$25,689,000."

Mr. PLOESER. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. GORE. On that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 152, nays 192, not voting 87, as follows:

[Roll No. 59]

YEAS—152

Abbott	Dingell	Hull
Abernethy	Donohue	Isacson
Albert	Doughton	Jackson, Wash.
Allen, La.	Douglas	Javits
Andrews, Ala.	Durham	Jennings
Angell	Eberharter	Johnson, Calif.
Bates, Ky.	Ellsworth	Jones, Ala.
Beckworth	Evins	Karsten, Mo.
Bland	Fallon	Kefauver
Blatnik	Feighan	Kelley
Bloom	Fernandez	Kennedy
Boggs, La.	Fisher	Kerr
Bonner	Flannagan	Kilday
Brooks	Fogarty	King
Brown, Ga.	Folger	Klein
Bryson	Forand	Lanham
Buckley	Garmatz	Lesinski
Bulwinkle	Gary	Lucas
Burleson	Gathings	Lynch
Byrne, N. Y.	Gordon	McCormack
Camp	Gore	McMillan, S. C.
Cannon	Gorski	Mack
Carroll	Gossett	Madden
Celler	Granger	Mahon
Chapman	Grant, Ala.	Manasco
Chenoweth	Gregory	Mansfield
Colmer	Hagen	Marcantonio
Combs	Hardy	Mills
Cooley	Harless, Ariz.	Monroney
Cooper	Harrison	Morgan
Courtney	Havener	Morris
Cox	Hays	Morrison
Cravens	Hill	Murdock
Davis, Ga.	Hollfield	Murray, Tenn.
Davis, Tenn.	Horan	Norblad
Delaney	Huber	Norton

O'Brien
Pace
Passman
Patman
Peden
Peterson
Phillips, Tenn.
Pickett
Poage
Preston
Price, Fla.
Price, Ill.
Priest
Rains
Rankin

Rayburn
Redden
Regan
Richards
Riley
Rockwell
Rogers, Fla.
Sabath
Sadowski
Sasser
Smathers
Smith, Va.
Somers
Spence
Stanley

Stockman
Teague
Thomas, Tex.
Tollefson
Trimble
Vinson
Wheeler
Whitten
Whittington
Williams
Wilson, Tex.
Winstead
Wood
Worley

Nodar
O'Toole
Pfeifer
Philbin
Plumley
Poulson
Powell
Rees
Rivers

Rohrbough
Rooney
Russell
Scoblick
Scott, Hardie
Sheppard
Sikes
Smith, Wis.
Snyder

Stigler
Stratton
Thomas, N. J.
Thompson
Welch
West
Whitaker
Wilson, Ind.

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. H. Carl Andersen for, with Mr. Plumley against.

Mr. Deane for, with Mr. Gallagher against.

Mr. Boykin for, with Mr. Hartley against.

Mr. Chelf for, with Mr. Nodar against.

Mr. Miller of California for, with Mr. Scoblick against.

Mr. Johnson of Texas for, with Mr. Thomas of New Jersey against.

Mr. Dorn for, with Mr. Andrews of New York against.

Mr. Lane for, with Mr. Kunkel against.

Mr. Crosser for, with Mr. Miller of Connecticut against.

Mrs. Lusk for, with Mr. Hardie Scott against.

General pairs until further notice:

Mr. Jones of Washington with Mr. Engle of California.

Mr. Wilson of Indiana with Mr. Hébert.

Mr. Case of South Dakota with Mr. Kee.

Mr. Poulson with Mr. Sheppard.

Mr. August H. Andresen with Mr. Philbin.

Mr. Bender with Mr. Hobbs.

Mr. Butler with Mr. Sikes.

Mr. Beall with Mr. Lyle.

Mr. Kearney with Mr. Lea.

Mr. Love with Mr. Clark.

Mr. McCulloch with Mr. Hart.

Mr. Meade of Kentucky with Mr. Hedrick.

Mr. Mitchell with Mr. Thompson.

Mr. Mundt with Mr. West.

Mr. Rohrbough with Mr. Jones of North Carolina.

Mr. Rees with Mr. Battle.

Mr. Clippinger with Mr. Dawson of Illinois.

Mr. Barrett with Mr. Larcade.

Mr. D'Ewart with Mr. Kirwan.

Mr. Fuller with Mr. Keogh.

Mr. Welch with Mr. Pfeifer.

Mr. Smith of Wisconsin with Mr. Rooney.

Mr. Snyder with Mr. Heffernan.

Mr. Stratton with Mr. Powell.

Mr. Russell with Mr. O'Toole.

Mr. Ellis with Mr. Multer.

Mr. HAGEN changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

Mr. PLOESER. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to revise and extend their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

EXTENSION OF REMARKS

Mr. REED of New York asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. BUSBEY asked and was given permission to extend his remarks in the RECORD.

Mr. RANKIN asked and was given permission to revise and extend the remarks he made in the Committee of the Whole and include statistics.

Mr. GATHINGS asked and was given permission to extend his remarks in the RECORD and include an article appearing in the West Memphis News.

Mr. EBERHARTER asked and was given permission to extend his remarks in the RECORD and include two articles on the subject of extending trade pacts and an editorial on the subject of cooperatives.

Mr. MORGAN asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the American Medical Association and one appearing in the Washington Post.

Mr. KEFAUVER asked and was given permission to extend his remarks in the RECORD in two instances and include in one an editorial.

Mr. THOMPSON asked and was given permission to extend his remarks in the RECORD and include a statement.

Mr. MCGREGOR asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. LICHTENWALTER asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. EDWIN ARTHUR HALL asked and was given permission to extend his remarks in the RECORD and include a radio address.

Mr. BAKEWELL asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. REED of Illinois asked and was given permission to extend his remarks in the RECORD and include an address by T. Albert Potter.

Mr. McDONOUGH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$213, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. COLE of New York asked and was given permission to extend his remarks in the RECORD and include a newspaper article and an editorial.

WATER-FILTRATION PLANT, HIGHLAND FALLS, N. Y.

Mr. BATES of Massachusetts. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2359) to authorize the payment of a lump sum, in the amount of \$100,000, to the village of Highland Falls, N. Y., as a contribution toward the cost of construction of a water-filtration plant, and for other purposes, with Senate amendments thereto, disagree to the

NAYS—192

Allen, Calif.
Allen, Ill.
Anderson, Calif.
Arends
Arnold
Auchincloss
Bakewell
Banta
Bates, Mass.
Bennett, Mich.
Bennett, Mo.
Bishop
Blackney
Boggs, Del.
Bolton
Bradley
Bramblett
Brehm
Brophy
Brown, Ohio
Buck
Buffett
Burke
Busbey
Byrnes, Wis.
Canfield
Carson
Case, N. J.
Chadwick
Chiperfield
Church
Clason
Clevenger
Coffin
Cole, Kans.
Cole, Mo.
Cole, N. Y.
Corbett
Cotton
Coudert
Crawford
Crow
Cunningham
Curtis
Dague
Davis, Wis.
Dawson, Utah
Devitt
Dirksen
Dolliver
Domengeaux
Dondero
Eaton
Elliott
Elsaesser
Elston
Engel, Mich.
Fellows
Fenton
Fletcher
Foote
Fulton
Gamble
Gavin
Gearhart

Gillette
Gillie
Goff
Goodwin
Graham
Grant, Ind.
Griffiths
Gross
Gwynn, N. Y.
Gwynne, Iowa
Hale
Hall
Edwin Arthur
Hall
Leonard W.
Halleck
Hand
Harness, Ind.
Harris
Harvey
Herter
Heselson
Hess
Hinshaw
Hoeven
Hoffman
Hope
Jenison
Jenkins, Ohio
Jensen
Johnson, Ill.
Johnson, Ind.
Jonkman
Judd
Kean
Kearns
Keating
Keefe
Kersten, Wis.
Kilburn
Knutson
Landis
Latham
LeCompte
LeFevre
Lewis, Ky.
Lewis, Ohio
Lichtenwalter
Lodge
McConnell
McCowan
McDonough
McDowell
McGarvey
McGregor
McMahon
McMillen, Ill.
MacKinnon
Macy
Maloney
Martin, Iowa
Mason
Mathews
Merrow
Meyer

Michener
Miller, Md.
Miller, Nebr.
Morton
Muhlenberg
Murray, Wis.
Nicholson
Nixon
Norrell
O'Hara
O'Konski
Owens
Patterson
Phillips, Calif.
Ploeser
Potter
Potts
Ramey
Reed, Ill.
Reed, N. Y.
Reeves
Rich
Riehlman
Rizley
Robertson
Rogers, Mass.
Ross
Sadlak
St. George
Sanborn
Sarbacher
Schwabe, Mo.
Schwabe, Okla.
Scott
Hugh D., Jr.
Scrivner
Seely-Brown
Shafer
Short
Simpson, Ill.
Simpson, Pa.
Smith, Kans.
Smith, Maine
Smith, Ohio
Stefan
Stevenson
Sundstrom
Taber
Talle
Taylor
Tibbott
Towe
Twyman
Vail
Van Zandt
Vorys
Vursell
Wadsworth
Waiter
Welch
Wigglesworth
Wolcott
Wolverton
Woodruff
Youngblood

NOT VOTING—87

Andersen,
H. Carl
Andresen,
August H.
Andrews, N. Y.
Barden
Barrett
Battle
Beall
Bell
Bender
Boykin
Buchanan
Butler
Case, S. Dak.
Chelf
Clark
Clippinger
Crosser
Dawson, Ill.
Deane

D'Ewart
Dorn
Ellis
Engle, Calif.
Fuller
Gallagher
Hart
Hartley
Hébert
Hedrick
Heffernan
Hendricks
Hobbs
Holmes
Jackson, Calif.
Jarman
Jenkins, Pa.
Johnson, Okla.
Johnson, Tex.
Jones, N. C.
Jones, Wash.

Kearney
Kee
Keogh
Kirwan
Kunkel
Lane
Larcade
Lea
Lemke
Love
Ludlow
Lusk
Lyle
McCulloch
Meade, Ky.
Meade, Md.
Miller, Calif.
Miller, Conn.
Mitchell
Multer
Mundt

Senate amendments, and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. BATES of Massachusetts, ARENDS, COLE of New York, BROOKS, and SASSCER.

PUBLIC WORKS ON RIVERS AND HARBORS

Mr. ALLEN of Illinois, from the Committee on Rules, submitted the following privileged resolution (H. Res. 589, Rept. No. 1918), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H. R. 6419, authorizing the construction, repairs, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

AGREEMENTS BETWEEN CARRIERS

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 581 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 221) to amend the Interstate Commerce Act with respect to certain agreements between carriers. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself as much time as I may require.

Mr. Speaker, this resolution provides consideration for H. R. 221, a bill to amend the Interstate Commerce Act with respect to certain agreements between carriers.

I do not believe there is any necessity for me to go into a detailed explanation

of the bill. It is practically the same bill as H. R. 2536, which we considered here December 10, 1945. At that time we debated the bill for 2 hours. And after all of the aspects and ramifications of the bill were understood, we passed it by a vote of 277 to 45. The bill was reported in the Senate, but died on the Senate Calendar without having been considered. Now the House must go through the mechanics of passing the bill again.

But allow me to review briefly the situation which makes this legislation necessary. At present, common carriers—especially the railroads—are caught in a strangle hold between two Federal statutes. The first requires them to do certain acts while the antitrust division contends it is unlawful for them to do the very acts required of them by the first.

Under the Interstate Commerce Act, carriers are required to join with one another in establishing through routes and joint rates. They are required to make agreements with respect to interchange of cars and equipment between carriers and on a number of other subjects. Now, despite the fact that railroads are required by the Interstate Commerce Act to enter into these agreements with one another, the Department of Justice has sought, and is seeking, to prosecute them under the antitrust laws for the very acts required of them by law.

For more than 50 years, as a matter of convenience, rates have been worked out between the railroads and the shippers by a system that is sometimes referred to as a conference system, or as a system by agreement. Under this system, the members of the railroad association meet and discuss rate problems and try as best they can to arrive at an agreement. If they arrive at an agreement of what the new rate will be on a particular commodity, they then send out notices to interested shippers. The shippers are then given an opportunity to be heard and to protest if they wish. But nine times out of ten the shippers and the railroads agree on a certain rate. The rate is then filed with the Interstate Commerce Commission and becomes effective if no protest is made within 30 days.

Everybody thought these agreements were perfectly legal, proper, and in the public interest until somebody in the Department of Justice came up with the suggestion that such agreements are in violation of the antitrust law, and since then the Government has instituted several suits against the railroads, and they threaten more suits unless something is done to prevent them. This bill is designed to do just that—to prevent the Department of Justice from interfering with a trade practice which has been recognized for more than 50 years and which was recognized as being in the public interest.

This bill exempts a certain class of agreements between the railroads from the antitrust laws, while at the same time protecting the public from price-fixing practices which would be detrimental to the public welfare. This safeguard is provided by requiring approval of the Interstate Commerce Commission

of these agreements between railroads and by specifically prohibiting certain agreements.

Under the rule, 2 hours has been allowed to debate this bill. The Rules Committee thought that a sufficient amount of time in view of the fact that we have all had the benefit of 2 hours of debate on the same bill less than 18 months ago. Other than providing consideration, the rule does not give any special protection for the bill. Amendments may be offered to it under the 5-minute rule and points of order may be raised against the bill, although I doubt that the bill is vulnerable in that respect.

I think that the previous vote on a bill which was practically identical to this one shows that an overwhelming majority of you will favor this bill, and I doubt that it will require any special urging on my part to secure adoption of this resolution or passage of the bill.

Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, as the chairman of the Rules Committee the gentleman from Illinois [Mr. ALLEN] has stated, it is true that we passed a similar bill in 1945, but it is claimed that this is a better bill than that one. If this is a better bill, perhaps if we wait another couple of years, the committee will report a still better bill, and one which is more just to the shippers and consumers. The underlying reason for bringing out this bill is of course to preclude the State of Georgia and the United States from proceeding with its action against the railroads which are charged with being guilty of violating the antitrust law. I do not see why we should deprive the courts of the right to pass upon that important question. Whether these railroads are guilty or not, I am of the opinion that neither the Department of Justice nor the State of Georgia would have proceeded against them unless they had sufficient evidence to justify the action. The bill before us is in the interest of the railroads that desire to agree between themselves as to rates. The bill favors the steel, oil, and other big shippers, and will operate against the smaller shippers and naturally against the consumers. I know that the gentlemen who have prepared the views of the minority, which I consider a very splendid and honest résumé of conditions will explain later on the unjustifiable desire and insistence upon passing this legislation before the courts can act on it.

So I shall not dwell any further upon the provisions of the bill, because the gentleman who signed the minority report, the gentleman from Minnesota [Mr. O'HARA], has devoted much time and study to the bill and can explain it more satisfactorily and in much clearer terms than I possibly can.

But I do say this: You gentlemen claim you want free enterprise. Free enterprise—I hear that every day. This actually kills free enterprise. I do not see how you will be able to justify yourselves in voting for the bill. Of course, the railroads want it. So I know that it will be passed, because, unfortunately, they have a way of misleading Congress and legislative bodies in such smooth and

loans made under paragraphs (1), (2), and (3) of subsection (a) of this section shall be of such sound value or so secured as reasonably to assure retirement or repayment and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

"(2) No loan, including renewals or extensions thereof, may be made under sections 4 (a) (1), (2), and (4) for a period or periods exceeding ten years and no securities or obligations maturing more than ten years from date of purchase by the Corporation may be purchased thereunder: *Provided*, That the foregoing restriction on maturities shall not apply to securities or obligations received by the Corporation as a claimant in bankruptcy or equitable reorganization or as a creditor in proceedings under section 206 of the Interstate Commerce Act, as amended: *Provided further*, That any loan made or securities and obligations purchased prior to July 1, 1947, may in aid of orderly liquidation thereof or the interest of national security, be renewed or the maturity extended for such period not in excess of ten years and upon such terms as the Corporation may determine: *Provided further*, That any loan made under section 4 (a) (1) for the purpose of constructing industrial facilities may have a maturity of ten years plus such additional period as is estimated may be required to complete such construction. The Corporation may, in carrying out the provisions of subsection 4 (a) (3), purchase securities and obligations, or make loans, including renewals or extensions thereof, with maturity dates not in excess of forty years, as the Corporation may determine.

"(3) In agreements to participate in loans, wherein the Corporation's disbursements are deferred, such participations by the Corporation shall be limited to 70 per centum of the balance of the loan outstanding at the time of the disbursement, in those cases where the total amount borrowed is \$100,000 or less, and shall be limited to 60 per centum of the balance outstanding at the time of disbursement, in those cases where the total amount borrowed is over \$100,000.

"(c) The total amount of investments, loans, purchases, and commitments made subsequent to June 30, 1947, pursuant to section 4 shall not exceed \$1,500,000,000 outstanding at any one time: *Provided*, That the aggregate amount outstanding at any one time shall not exceed (1) under subsection (a) (4) \$25,000,000, and (2) for construction purposes under subsection (a) (3) \$200,000,000, and (3) under the last two sentences of subsection (a) (2) \$15,000,000.

"(d) No fee or commission shall be paid by any applicant for financial assistance under the provisions of this Act in connection with any such application, and any agreement to pay or payment of any such fee or commission shall be unlawful.

"(e) No director, officer, attorney, agent, or employee of the Corporation in any manner, directly or indirectly, shall participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

"(f) The powers granted to the Corporation by this section 4 shall terminate at the close of business on June 30, 1954, but the termination of such powers shall not be construed (1) to prohibit disbursement of funds on purchases of securities and obligations, on loans, or on commitments or agreements to make such purchases or loans, made under this Act prior to the close of business on such date, or (2) to affect the validity or performance of any other agreement made or entered into pursuant to law.

"(g) As used in this Act, the term "State" includes the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands."

"SEC. 5. Effective as of midnight June 30, 1947, the first sentence of section 8 of the Reconstruction Finance Corporation Act, as amended, is hereby amended to read as follows: 'The Corporation, including its franchise, capital, reserves and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to special assessments for local improvements and shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.'

"SEC. 6. Subsection (m) of section 206 of title II of the joint resolution entitled 'Joint resolution to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation', approved June 30, 1947 (Public Law 132, Eightieth Congress), is amended to read as follows:

"(m) The first section and sections 2, 3, 9, 11, and 13 of the Act approved January 31, 1935 (49 Stat. 1), as amended;."

"SEC. 7. Section 208 of title II of the joint resolution entitled 'Joint resolution to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation', approved June 30, 1947 (Public Law 132, Eightieth Congress), is hereby repealed.

"SEC. 8. Section 209 of title II of the joint resolution entitled 'Joint resolution to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation', approved June 30, 1947 (Public Law 132, Eightieth Congress), is amended to read as follows:

"SEC. 209. During the period between June 30, 1948, and the date of enactment of legislation making funds available for administrative expenses for the fiscal year ending June 30, 1949, the Corporation is authorized to incur, and pay out of its general funds, administrative expenses in accordance with laws in effect on June 30, 1948, such obligations and expenditures to be charged against funds when made available for administrative expenses for the fiscal year 1949."

"SEC. 9. The third paragraph of section 24 of the Federal Reserve Act, as amended by section 328 of the Banking Act of 1935, as amended, is hereby amended to read as follows:

"Loans made to established industrial or commercial businesses (a) which are in whole or in part discounted or purchased or loaned against as security by a Federal Reserve bank under the provisions of section 13b of this Act, (b) for any part of which a commitment shall have been made by a Federal Reserve bank under the provisions of said section, (c) in the making of which a Federal Reserve bank participates under the provisions of said section, or (d) in which the Reconstruction Finance Corporation cooperates or purchases a participation under the provisions of the Reconstruction Finance Corporation Act, as amended, shall not be subject to the restrictions or limitations of this section upon loans secured by real estate."

And the House agree to the same.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
JOHN C. KUNKEL,
HENRY O. TALLE,
BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,

Managers on the Part of the House.

O. DOUGLASS BUCK,
HOMER E. CAPEHART,
BURNET R. MAYBANK,
J. W. FULBRIGHT,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2287) to amend the Reconstruction Finance Corporation Act, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. The substitute agreed to substantially follows the House amendment. Except for clarifying, clerical, and minor changes, the differences between the House amendment and the substitute agreed to in conference are explained below.

The Senate bill required the Corporation, after the end of each fiscal year, to pay over to the Secretary of the Treasury as miscellaneous receipts a dividend on its capital stock owned by the United States in the amount by which its accumulated net income exceeds \$50,000,000. The House amendment requires the Corporation within 6 months after the end of each fiscal year to make such a payment in the amount by which its accumulated net income exceeds \$400,000,000. The conference substitute follows the language in the House amendment except that the dividend is to be in the amount by which the accumulated net income exceeds \$250,000,000.

The Senate bill provided for an extension through June 30, 1960, of the succession of the Corporation and an extension through June 30, 1958, of the lending powers of the Corporation. The House amendment provides for an extension of the Corporation's succession and lending powers through June 30, 1952, and through June 30, 1950, respectively. The conference substitute extends the succession of the Corporation through June 30, 1956, and the lending authority of the Corporation through June 30, 1954.

The Senate bill provided authority for the Corporation to subscribe for or make loans upon the nonassessable preferred stock of banks, trust companies, or insurance companies upon certification of the Secretary of the Treasury that any such bank or trust company under the supervision of the Controller of the Currency or a State banking department or any insurance company is in need of funds for capital purposes. The Senate bill also contained authority for the Corporation to purchase the legally issued capital notes or debentures of such institutions when under the laws of the State in which they are located they are not permitted to issue nonassessable preferred stock or can do so only by unanimous consent of stockholders. The House amendment contains no comparable provision. The conference substitute retains the provision of the Senate bill with respect to subscriptions of or loans upon the nonassessable preferred stock, and the purchase of capital notes or debentures, of insurance companies upon certification by the Secretary of the Treasury with a provision that such subscriptions, loans, and purchases shall not exceed \$15,000,000 outstanding at any one time, and omits any such authority with respect to banks and trust companies.

The House amendment included a provision, in the paragraph authorizing the Corporation to extend aid in financing governmental projects, to the effect that no purchase or loan should be made "for the acquisition or construction, by any such public agency, for any property or facility for the production, sale, or supply of any commodity, product, or service, if any private person, firm, or corporation is then actively engaged in the production, distribution, or

supply of the same commodity, product, or service in the same area." In view of the fact that the effects of this language might be far-reaching, the conferees asked the author of the amendment in the House to appear before them and explain the proposal in detail, which he did. It appeared that the situation sought to be reached was a situation which would involve the furnishing of aid to a public project which would compete with private industry. The general counsel of the Corporation advised the conferees that in the situation in question the Corporation had not heretofore made any such loan and would not make any such loan in the future. In the light of this clarification of the issue and with a view to avoiding any far-reaching results that might not be presently contemplated, the conference substitute omits the House provision.

The Senate bill provided for agreements to participate in loans where the Corporation's disbursements are deferred but such participations by the Corporation were limited to 65 percent of the balance of the loan outstanding at the time of the disbursement in those cases where the total amount borrowed is \$100,000 or less and to 50 percent of the balance outstanding at the time of the disbursement in those cases where the total amount borrowed is over \$100,000. The House amendment provides that the Corporation's participation in such deferred participation agreements be limited to 75 percent of the balance of the loan outstanding at the time of disbursement without regard to the size of the loan. The conference substitute follows the language of the Senate bill, but substitutes 70 percent for 65 percent in the case of loans of \$100,000 or less and 60 percent for 50 percent in the case of loans exceeding \$100,000. The committee of conference was unanimous in its opinion that, notwithstanding any inference that might be drawn from language in the committee reports, the Reconstruction Finance Corporation in making deferred participation agreements could rely upon the statement of the applicant that its correspondent banks were not interested in taking the participation offered.

The Senate bill repealed the provision in existing law empowering the Corporation to purchase with a favorable priority surplus property for resale to small business. The House amendment retains this authority with modifications designed to prevent discrimination against small business not purchasing through the Corporation. The conference substitute retains the Senate provision.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
JOHN C. KUNKEL,
HENRY O. TALLE,
BRENT SPENCE
PAUL BROWN,
WRIGHT PATMAN,

Managers on the Part of the House.

EXTENSION OF REMARKS

Mr. HORAN asked and was given permission to extend his remarks in the RECORD and include an article from the Evening Star.

Mr. KING asked and was given permission to extend his remarks in the RECORD.

Mr. JUDD asked and was given permission to extend his remarks in the RECORD in two instances and in each to include an editorial.

Mr. GILLIE asked and was given permission to extend his remarks in the RECORD and include a public-opinion poll recently taken in his district.

Mr. REES. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

GOVERNMENT CORPORATIONS APPROPRIATION BILL, 1949

Mr. REES. Mr. Speaker, I was unavoidably away from the House floor for a brief period earlier this afternoon attending a conference with Government officials concerning matters under consideration in the committee of which I am chairman, when a vote was taken by the House on a motion to recommit H. R. 6481 to the Committee on Appropriations with certain amendments. Had I been present I would have voted against sending the bill back to the committee.

I do want to emphasize a thing that is being pointed out in the committee report, as well as by Members of the House with respect to the need of more controls of Government corporations. According to this report there were 19 Government-owned corporations in existence in 1921. Today there are 86 such corporations with total assets of more than \$10,500,000, and with liabilities of approximately a similar amount. It is understood that a certain amount of expansion was required during the emergency and during the war period. I think it is time for Congress to look the situation over and determine whether some of these corporations may be reduced, or if found unnecessary, be eliminated. It would be interesting to know about the authority granted many of these Government organizations to carry on various types of business. What I mean to say is that it might be a good idea to sort of look them over, especially since investments are made from taxpayers' funds.

HOURLY MEETING TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. THOMAS of New Jersey (at the request of Mr. SUNDSTROM), for an indefinite period, on account of illness.

To Mr. D'EWART, from May 12 through May 18, on account of official business.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Indiana [Mr. GILLIE] is recognized for 15 minutes.

(Mr. GILLIE asked and was given permission to revise and extend his remarks.)

FOOT-AND-MOUTH DISEASE

Mr. GILLIE. Mr. Speaker, for the past 18 months the United States has

been in the unusual and uncomfortable position of having an outbreak of foot-and-mouth disease of livestock on a rampage within some 300 miles of our border. As every Member of this House knows, foot-and-mouth disease was reported in epidemic form in Mexico in December 1946.

It is still there. And it is going to be there for a long time yet to come.

It is the first time in history that we in the United States have found ourselves in this position—face to face with endemic foot-and-mouth disease on the North American continent. There have been previous outbreaks on this continent, but they have been promptly suppressed and eradicated by the Spartan method of slaughtering and burying all diseased and exposed animals.

As you know, this was the method which was first tried in Mexico. For a number of reasons it did not succeed. I have reported at length to the House on that matter—CONGRESSIONAL RECORD, January 14, 1948, page A186—and I will not take the time of the Members to go over that ground again.

Suffice it for me to say that we were not able to eradicate the disease by the slaughter and burial method—and having failed in that attempt, our technicians adopted the only possible alternative, measures designed to hold the disease in check—to prevent its further spread particularly toward the United States—while ways were being devised and found to again undertake the business of eradication.

Since the early part of last December our forces, under the direction of the Bureau of Animal Industry of the Department of Agriculture, have been engaged in this holding action against the disease. The plan of that action, too, was fully discussed in the report to the House I have referred to. It was also set out clearly in the recommendations and report of the Foot-and-Mouth Disease Subcommittee of the Committee on Agriculture, which appeared in the CONGRESSIONAL RECORD on December 10, 1948, on page A4998.

With one important exception—which I will refer to in some detail in a few moments—the recommendations of that committee appear to have been substantially carried out.

I have recently returned from a trip to Texas and to northern Mexico which I made for the purpose of discussing with the cattlemen in that area the problems presented to this country by the presence of foot-and-mouth disease in Mexico—and to see for myself some of the things which are being done to solve that problem. My purpose is taking the time of the House today is to report to the Members briefly on what we saw and heard on that trip.

I was accompanied on that trip by members of the Foot-and-Mouth Disease Subcommittee on the Committee on Agriculture, by a representative of the Committee on Appropriations, and a representative of the Committee on Public Lands.

At this point, Mr. Speaker, may I digress for a moment to comment on the

May
12

H. R. 6481

Read twice and referred to the Committee on Appropriations

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I

4 That the following sums are appropriated, out of any
5 money in the Treasury not otherwise appropriated, for the
6 fiscal year ending June 30, 1949, namely:

1 TENNESSEE VALLEY AUTHORITY

2 For the purpose of carrying out the provisions of the
3 Tennessee Valley Authority Act of 1933, as amended (16
4 U. S. C., ch. 12A), including purchase (not to exceed
5 one, for replacement only) and hire, maintenance, repair,
6 and operation of aircraft; the purchase (not to exceed two
7 hundred and seventy, of which two hundred and twenty
8 shall be for replacement only) and hire of passenger motor
9 vehicles, \$27,389,061, to remain available until expended,
10 and to be available for the payment of obligations charge-
11 able against prior appropriations, together with the unob-
12 ligated balance of funds heretofore appropriated, of which
13 not to exceed \$21,689,000 shall be available for capital
14 expenditures, including construction of dams, additions and
15 betterments to completed multiple-use facilities, investiga-
16 tions for future projects, chemical facilities, and facilities and
17 equipment for general use.

18 HOUSING AND HOME FINANCE AGENCY

19 OFFICE OF THE ADMINISTRATOR

20 Salaries and expenses, Office of the Administrator,
21 \$750,000, to be available for necessary expenses of the Office
22 of the Administrator, including the preparation, mounting,
23 shipping, and installation of exhibits; expenses of attendance
24 at meetings of organizations concerned with the work of the
25 Agency when specifically authorized by the Administra-

1 tor; and health service program as authorized by law
2 (5 U. S. C. 150) .

3 PUBLIC HOUSING ADMINISTRATION

4 Annual contributions: For the payment of annual contri-
5 butions to public housing agencies in accordance with section
6 10 of the United States Housing Act of 1937, as amended
7 (42 U. S. C. 1410), \$4,840,000: *Provided*, That except
8 for payments required on contracts entered into prior to
9 April 18, 1940, no part of this appropriation shall be avail-
10 able for payment to any public housing agency for expendi-
11 ture in connection with any low-rent housing project, unless
12 the public housing agency shall have adopted regulations
13 prohibiting as a tenant of any such project by rental or occu-
14 pancy any person other than a citizen of the United States,
15 but such prohibition shall not be applicable in the case of
16 a family of any serviceman or the family of any veteran who
17 has been discharged (other than dishonorably) from, or the
18 family of any serviceman who died in, the armed forces of
19 the United States within four years prior to the date of
20 application for admission to such housing: *Provided further*,
21 That no part of this appropriation shall be used to pay any
22 public housing agency any contribution occasioned by pay-
23 ments in lieu of taxes in excess of the amount specified in
24 the original contract between such agency and the Public
25 Housing Administration or its predecessor agencies: *Provided*

1 *further*, That all expenditures of this appropriation shall be
2 subject to audit and final settlement by the Comptroller
3 General of the United States under the provisions of the
4 Budget and Accounting Act of 1921, as amended.

5 DEPARTMENT OF STATE

6 THE INSTITUTE OF INTER-AMERICAN AFFAIRS

7 For necessary expenses of the Institute of Inter-
8 American Affairs in carrying out the provisions of Public
9 Law 369, approved August 5, 1947, during the fiscal year
10 1949, \$2,500,000: *Provided*, That funds made available
11 to the Corporation by this Act and under prior appropria-
12 tions and not obligated by the Corporation on or before
13 June 30, 1949, shall not be available for obligation after
14 that date and shall lapse pursuant to section 3690 of the
15 Revised Statutes and the Act of June 20, 1874, as amended
16 (31 U. S. C., 712, 713).

17 DEPARTMENT OF AGRICULTURE

18 FARM CREDIT ADMINISTRATION

19 For necessary expenses, including personal services in
20 the District of Columbia; printing and binding; not to ex-
21 ceed \$5,000 for attendance at meetings or conventions of
22 members of organizations at which matters of importance
23 to the work of the Farm Credit Administration are to be
24 discussed or transacted; not to exceed \$750 for periodicals
25 and newspapers; library membership fees or dues in organi-

1 zations which issue publications to members only or to mem-
2 bers at a lower price than to others, payment for which may
3 be made in advance; not to exceed \$20,000 for expenditures
4 authorized by section 602 of the Organic Act of 1944 (12
5 U. S. C. 833); purchase of one passenger motor vehicle
6 (for replacement only) for use in the District of Columbia
7 and elsewhere; garage rental in the District of Columbia;
8 payment of actual transportation and other necessary ex-
9 penses and not to exceed \$10 per diem in lieu of subsistence
10 of persons serving, while away from their homes, without
11 other compensation from the United States, in an advisory
12 capacity to the Farm Credit Administration, except that such
13 expenditures shall not exceed \$10,000; examination of cor-
14 porations, banks, associations, and institutions operated,
15 supervised, or regulated by the Farm Credit Administration;
16 in all, \$500,000. Collections made pursuant to section 601
17 of the Organic Act of 1944 (12 U. S. C. 832) are hereby
18 made available to reimburse this appropriation for the cost
19 of examining and supervising the corporations, banks, asso-
20 ciations, and other organizations as provided in said section.

21 DEPARTMENT OF COMMERCE

22 Inland Waterways Corporation: For the purchase of
23 capital stock of the Inland Waterways Corporation author-

1 ized by section 2 of the Act of June 3, 1924, as amended
2 (49 U. S. C. 152), \$2,000,000, to remain available until
3 expended.

4 REDUCTION IN APPROPRIATIONS

5 Amounts available from appropriations and other funds
6 are hereby reduced in the sums hereinafter set forth, such
7 sums to be carried to the surplus fund and covered into the
8 Treasury upon the approval of this Act:

9 HOUSING AND HOME FINANCE AGENCY

10 Office of the Administrator: Veterans' housing: \$7,-
11 650,000 of the unobligated balances of the funds appro-
12 priated or made available for carrying out the veterans'
13 reuse housing program under title V of the Lanham Act
14 (Act of October 14, 1940, as amended, 42 U. S. C. 1521,
15 1571), of which \$4,650,000 shall be from the unobligated
16 balances of the funds appropriated by Public Law 256,
17 Eightieth Congress.

18 TITLE II

19 The following corporations and agencies, respectively,
20 are hereby authorized to make such expenditures, within the
21 limits of funds and borrowing authority available to each
22 such corporation or agency and in accord with law, and to
23 make such contracts and commitments without regard to
24 fiscal year limitations as provided by section 104 of the
25 Government Corporation Control Act, as amended, as may

1 be necessary in carrying out the programs set forth in the
2 Budget for the fiscal year 1949 for each such corporation or
3 agency, except as hereinafter provided:

4 INDEPENDENT AGENCIES AND CORPORATIONS

5 Export-Import Bank of Washington: Not to exceed
6 \$800,000 (to be on an accrual basis) of the funds of the
7 Export-Import Bank of Washington shall be available dur-
8 ing the fiscal year 1949 for all administrative expenses of
9 the bank, including not to exceed \$300 for periodicals, \$300
10 for newspapers, and \$500 for maps; health-service pro-
11 gram as authorized by law (5 U. S. C. 150), and not
12 to exceed \$2,000 for temporary services, as authorized by
13 section 15 of the Act of August 2, 1946 (5 U. S. C. 55a):
14 *Provided*, That necessary expenses (including special serv-
15 ices performed on a contract or fee basis, but not including
16 other personal services) in connection with the acquisition,
17 operation, maintenance, improvement, or disposition of any
18 real or personal property belonging to the bank or in which
19 it has an interest, including expenses of collections of pledged
20 collateral, or the investigation or appraisal of any property
21 in respect to which an application for a loan has been made,
22 shall be considered as nonadministrative expenses for the
23 purposes hereof.

24 Panama Railroad Company: Not to exceed \$715,000
25 (to be computed on an accrual basis) of the funds of the

1 company shall be available during the fiscal year 1949 for its
2 administrative expenses, including administrative services
3 performed for the company by other Government agencies,
4 which shall be determined in accordance with the company's
5 prescribed accounting system in effect on July 1, 1946, and
6 shall be exclusive of depreciation, payment of claims,
7 expenses of the commissary coupon audit, commissary contra-
8 band inspection, expenditures which the company's pre-
9 scribed accounting system requires to be capitalized or
10 charged to cost of commodities acquired, and expenses in
11 connection with acquisition, construction, operation, mainte-
12 nance, improvement, protection, and disposition of facilities
13 and other property belonging to the company or in which
14 it has an interest: *Provided*, That immediately upon the en-
15 actment of this Act the Board of Directors shall declare and
16 pay into the Treasury of the United States as miscellaneous
17 receipts a dividend of \$10,000,000.

18 Tennessee Valley Associated Cooperatives, Incorpo-
19 rated: Of the funds available to the Corporation, not to
20 exceed \$500 shall be available for administrative expenses
21 related to liquidation and dissolution, and not to exceed \$500
22 for the cost of audit, as required by the Government Corpo-
23 ration Control Act of December 6, 1945 (Public Law 248) :
24 *Provided*, That all administrative duties and responsibilities
25 shall be assumed by such officers and employees of the Treas-

1 ury Department as the Secretary of the Treasury may desig-
2 nate, and who shall receive no additional compensation for
3 such duties: *Provided further*, That the Secretary of the
4 Treasury shall take appropriate steps to secure the final
5 dissolution and liquidation of said Corporation at the earliest
6 practicable date: *Provided further*, That the total cost of
7 liquidation and dissolution shall be paid out of funds avail-
8 able to the Corporation without additional appropriations
9 therefor: *Provided further*, That the Board of Directors of
10 the Corporation is authorized to transfer to the Secretary of
11 the Treasury title to assets (other than real property) of the
12 Corporation upon certification of the president of the Corpo-
13 ration that such transfer is to the interest of the Govern-
14 ment of the United States and the Secretary of the Treasury
15 is authorized to dispose of such assets at such times and in
16 such manner as he may determine.

17 Tennessee Valley Authority: Pursuant to the require-
18 ments applicable to the Tennessee Valley Authority of title
19 II, Public Law 268, approved July 30, 1947, total payments
20 of not less than \$5,500,000 shall be made in the fiscal year
21 1949 from net income derived from power operations.

22 Not to exceed \$3,677,000, of which not to exceed
23 \$992,061 shall be derived from funds appropriated by title
24 I hereof (to be computed on an accrual basis), of the funds

1 available to the Tennessee Valley Authority, shall be
2 available during the fiscal year 1949 for all administrative
3 and general expenses of the Corporation, which expenses
4 shall be inclusive of costs of all administrative offices and
5 other activities representing management and other functions
6 serving the programs and projects of the Corporation in
7 general.

8 Reconstruction Finance Corporation: Not to exceed
9 \$24,796,000 (to be computed on an accrual basis) of the
10 funds of the Reconstruction Finance Corporation shall be
11 available during the fiscal year 1949 for its administrative
12 expenses and the administrative expenses of the Federal
13 National Mortgage Association; not to exceed \$1,500 for
14 periodicals and newspapers; health service program as
15 authorized by law (5 U. S. C. 150); use of the
16 services and facilities of the Federal Reserve banks:
17 *Provided*, That as used herein the term "admin-
18 istrative expenses" shall be construed to include all salaries
19 and wages, services performed on a contract or fee basis,
20 and travel and other expenses, including the purchases of
21 equipment and supplies, of administrative offices: *Provided*
22 *further*, That the limiting amount heretofore stated for
23 administrative expenses shall be increased by an amount
24 which does not exceed the aggregate cost of salaries, wages,
25 travel, and other expenses of persons employed outside the

1 continental United States; wages, fees, and other expenses,
2 including cost of contract services, of persons who are
3 exclusively engaged in construction, operation, clearance,
4 maintenance and protection of plants, operating facilities,
5 acquired collateral, and other property in which the Cor-
6 poration has an interest; the expenses of services performed
7 on a contract or fee basis in connection with termination
8 of contracts or in the performance of legal services; and
9 all expenses reimbursable from other Government agencies:
10 *Provided further*, That the distribution of administrative
11 expenses to the accounts of the Corporation shall be made
12 in accordance with its accounting principles and practices:
13 *Provided further*, That, except as otherwise provided herein-
14 after, none of the funds of the Reconstruction Finance Cor-
15 poration and its subsidiary shall be used for the custody,
16 maintenance, or disposal of any surplus property within the
17 continental limits of the United States, its Territories or
18 possessions, except such property as may be owned by and
19 held for disposal by the Reconstruction Finance Corporation
20 or its subsidiary; but, notwithstanding any other provision
21 of law, the Reconstruction Finance Corporation may waive
22 reimbursement from War Assets Administration for the
23 administrative property transferred prior to July 1, 1946,
24 and for expenses incurred prior thereto in the custody, main-
25 tenance, or disposal of any surplus property: *Provided fur-*

1 *ther*, That no part of the funds of the Reconstruction Finance
2 Corporation or of its subsidiary shall be used to make any
3 purchase or for personal services or to enter into any contract
4 for the use or benefit of any other agency of the Government
5 unless such agency shall have authority in law and appropria-
6 tions available to make reimbursement for such purchase, per-
7 sonal services, or contract, except that this provision shall not
8 apply to expenditures in connection with materials, surplus
9 to the needs of the Corporation, which have been or hereafter
10 shall be transferred to stock piles established pursuant to the
11 Strategic and Critical Materials Stock Piling Act (60 Stat.
12 599) : *Provided further*, That the Secretary of the Treasury
13 is hereby authorized and directed to cancel notes of the Re-
14 construction Finance Corporation in the amount of \$9,313,-
15 736,531, plus the interest accrued thereon subsequent to
16 June 30, 1947, the foregoing stated amount representing un-
17 recovered costs to the Corporation as of June 30, 1947, in
18 its national defense, war, and reconversion activities, and any
19 amounts recovered by the Corporation with respect to these
20 activities subsequent to June 30, 1947, shall, after deduction
21 of related expenses, be deposited in the Treasury as mis-
22 cellaneous receipts: *Provided further*, That, notwithstand-
23 ing the provisions of section 6 (b) of the Strategic and Criti-
24 cal Materials Stock Piling Act (60 Stat. 599), the Secre-
25 tary of the Treasury shall cancel notes of the Reconstruct-

1 tion Finance Corporation on account of the transfer of
2 materials to stock piles in an amount equivalent only to the
3 costs incurred by the Corporation subsequent to June 30,
4 1947, for handling, storing, processing, and transporting
5 such materials, as determined and certified by the Corpora-
6 tion from its accounting records.

7 HOUSING AND HOME FINANCE AGENCY

8 Home Loan Bank Board: Not to exceed a total of
9 \$1,800,000, of which \$1,340,000 shall be available exclu-
10 sively for necessary expenses in connection with the making
11 of supervisory or other examinations (except examinations
12 of Federal home loan banks) including the provision of
13 services and facilities therefor, to be derived from the special
14 deposit account established under the provisions under the
15 head "Federal Home Loan Bank Administration" in the
16 Independent Offices Appropriation Act, 1944, and from
17 receipts of the Federal Home Loan Bank Administration,
18 the Federal Home Loan Bank Board, or the Home Loan
19 Bank Board for the fiscal year 1949 and prior fiscal years,
20 shall be available during the fiscal year 1949 for adminis-
21 trative expenses of the Home Loan Bank Board, including
22 health-service program as authorized by law (5 U. S. C.
23 150), and the Board may utilize and may make payment
24 for services and facilities of the Federal home-loan banks,
25 the Federal Reserve banks, the Federal Savings and Loan

1 Insurance Corporation, the Home Owners' Loan Corpora-
2 tion, and other agencies of the Government: *Provided*, That
3 all necessary expenses in connection with the conservator-
4 ship of institutions insured by the Federal Savings and Loan
5 Insurance Corporation and all necessary expenses (including
6 services performed on a contract or fee basis, but not in-
7 cluding other personal services) in connection with the
8 handling, including the purchase, sale, and exchange, of
9 securities on behalf of Federal home-loan banks, and the
10 sale, issuance, and retirement of, or payment of interest on,
11 debentures or bonds, under the Federal Home Loan Bank
12 Act, as amended, shall be considered as nonadministrative
13 expenses for the purposes hereof: *Provided further*, That
14 notwithstanding any other provisions of this Act, except for
15 the limitation in amount hereinbefore specified, the admin-
16 istrative expenses and other obligations of the Board shall
17 be incurred, allowed, and paid in accordance with the pro-
18 visions of the Federal Home Loan Bank Act of July 22,
19 1932, as amended (12 U. S. C. 1421-1449).

20 Federal Savings and Loan Insurance Corporation: Not
21 to exceed \$600,000 shall be available for administrative
22 expenses, including health-service program as authorized by
23 law (5 U. S. C. 150); which shall be on an accrual basis
24 and shall be exclusive of interest paid, depreciation, prop-
25 erly capitalized expenditures, expenses in connection with

1 liquidation of insured institutions, liquidation or handling of
2 assets of or derived from insured institutions, payment of
3 insurance, and action for or toward the avoidance, termina-
4 tion, or minimizing of losses in the case of specific insured
5 institutions, and legal fees and expenses, and said Corpora-
6 tion may utilize and may make payment for services and
7 facilities of the Federal home-loan banks, the Federal Reserve
8 banks, the Home Loan Bank Board, the Home Owners'
9 Loan Corporation, and other agencies of the Government:
10 *Provided*, That notwithstanding any other provisions of this
11 Act, except for the limitation in amount hereinbefore
12 specified, the administrative expenses and other obligations
13 of said Corporation shall be incurred, allowed, and paid in
14 accordance with title IV of the Act of June 27, 1934, as
15 amended (12 U. S. C. 1724-1730).

16 Home Owners' Loan Corporation: Not to exceed
17 \$2,250,000 shall be available for administrative expenses,
18 including health-service program as authorized by law (5
19 U. S. C. 150), which shall be on an accrual basis and shall
20 be exclusive of interest paid, depreciation, properly capital-
21 ized expenditures, expenses (including services performed
22 on a force account, contract, or fee basis, but not including
23 other personal services) in connection with the acquisition,
24 protection, operation, maintenance, improvement, or disposi-
25 tion of real or personal property belonging to said Corpora-

1 tion or in which it has an interest, and legal fees and ex-
2 penses, and said Corporation may utilize and may make
3 payment for services and facilities of the Federal home-loan
4 banks, the Federal Reserve banks, the Home Loan Bank
5 Board, the Federal Savings and Loan Insurance Corpora-
6 tion, and other agencies of the Government: *Provided*,
7 That, notwithstanding any other provisions of this Act,
8 except for the limitation in amount hereinbefore specified,
9 the administrative expenses and other obligations of said Cor-
10 poration shall be incurred, allowed, and paid in accordance
11 with the Home Owners' Loan Act of 1933, as amended
12 (12 U. S. C. 1461-1468): *Provided*, That all right, title,
13 and interest of the Home Owners' Loan Corporation in the
14 capital stock of the Federal Savings and Loan Insurance
15 Corporation is hereby transferred to the Secretary of the
16 Treasury and the Secretary of the Treasury is authorized
17 and directed to cancel the capital stock of the Home
18 Owners' Loan Corporation in par value amount equal to
19 the par value of the stock of the Federal Savings and Loan
20 Insurance Corporation so transferred.

21 Federal Housing Administration: In addition to the
22 amounts available by or pursuant to law (which shall be
23 transferred to this authorization) for the administrative ex-
24 penses of the Federal Housing Administration in carrying
25 out duties imposed by or pursuant to law, not to exceed

1 \$19,000,000 of the various funds of the Federal Housing
2 Administration as follows: (1) The mutual mortgage
3 insurance fund; (2) the housing insurance fund; (3) the
4 account in the Treasury comprised of funds derived from
5 premiums collected under authority of section 2 (f), title I
6 of the National Housing Act, as amended (12 U. S. C.
7 1701); and (4) the war housing insurance fund shall be
8 available for expenditure, in accordance with the provisions
9 of said Act for the administrative expenses of the Federal
10 Housing Administration, including not to exceed \$1,500 for
11 periodicals and newspapers; not to exceed \$1,500 for con-
12 tract actuarial services; and health-service program as author-
13 ized by law (5 U. S. C. 150): *Provided*, That necessary
14 expenses of the Administration (including services performed
15 on a contract or fee basis, but not including other personal
16 services) in connection with the acquisition, protection, com-
17 pletion, operation, maintenance, improvement, or disposition
18 of real or personal property of the Administration acquired
19 under authority of titles I, II, and VI of said National Hous-
20 ing Act, shall be considered as nonadministrative for the
21 purposes hereof: *Provided further*, That, except as herein
22 otherwise provided, the administrative expenses and other
23 obligations, including nonadministrative expenses, of the
24 Administration shall be incurred, allowed, and paid in

1 accordance with the provisions of said Act of June 27,
2 1934, as amended (12 U. S. C. 1701).

3 Public Housing Administration: Of the amounts avail-
4 able by or pursuant to law for the administrative expenses
5 of the Public Housing Administration in carrying out duties
6 imposed by or pursuant to law including not to exceed
7 \$2,500,000 of the funds available for administrative expenses
8 for the United States Housing Act program (all of which
9 are hereby merged into a single administrative expense ac-
10 count), not to exceed \$9,000,000 shall be available for such
11 expenses subject to the provisions of section 6 (b) of the
12 Act of September 1, 1937, as amended, 42 U. S. C. 1406
13 (b), including health-service program as authorized by law
14 (5 U. S. C. 150): *Provided*, That the number of officers
15 and employees in classification grades 11 of the clerical,
16 administrative, and fiscal service, and 4 of the professional
17 service, and higher grades shall not exceed 20 per centum of
18 the total number of officers and employees paid from such
19 funds: *Provided further*, That necessary expenses of provid-
20 ing representatives of the Administration at the sites of non-
21 Federal projects in connection with the construction of such
22 non-Federal projects by public housing agencies with the
23 aid of the Administration, shall be compensated by such
24 agencies by the payment of fixed fees which in the aggre-
25 gate in relation to the development costs of such projects will

1 cover the costs of rendering such services, and expenditures
2 by the Administration for such purpose shall be considered
3 nonadministrative expenses, and funds received from such
4 payments may be used only for the payment of necessary
5 expenses of providing representatives of the Administration
6 at the sites of non-Federal projects or for administrative
7 expenses of the Administration not in excess of the amount
8 authorized by the Congress.

9 Liquidation of resettlement projects: Not to exceed
10 \$40,000 of the receipts derived from the operation of the
11 projects transferred under section 4 (b) of Reorganization
12 Plan Numbered 3 of 1947 shall be available for necessary
13 expenses in connection with and to facilitate disposition of
14 the suburban resettlement projects known as Greenbelt,
15 Greendale, and Greenhills including services in accordance
16 with section 15 of the Act of August 2, 1946 (5 U. S. C.
17 55a).

18 Defense Homes Corporation: Within thirty days after
19 the date of enactment hereof the Housing and Home
20 Finance Administrator shall transfer or cause to be trans-
21 ferred to the Secretary of the Treasury for cancellation,
22 without reimbursement or other consideration, all of the
23 capital stock of Defense Homes Corporation, together with
24 the stock certificates evidencing the ownership of such stock.
25 All assets and liabilities of every kind and nature and all

1 records of Defense Homes Corporation shall be transferred,
2 within thirty days after the date of enactment hereof, to
3 the Reconstruction Finance Corporation, without reimburse-
4 ment or other consideration, for the purpose of liquidation
5 in an orderly manner. The Reconstruction Finance Cor-
6 poration shall proceed to liquidate the affairs of the Defense
7 Homes Corporation, including realization of the value of all
8 its assets and settlement of all its legal liabilities including
9 the existing indebtedness of Defense Homes Corporation to
10 the Reconstruction Finance Corporation. Any net proceeds
11 remaining after the payment of all obligations of Defense
12 Homes Corporation, and all administrative expenses incurred
13 in its liquidation, shall be covered into the Treasury as
14 miscellaneous receipts.

15 DEPARTMENT OF AGRICULTURE

16 Federal Farm Mortgage Corporation: Not to exceed
17 \$2,000,000 (to be computed on an accrual basis) of the
18 funds of the Corporation shall be available for administra-
19 tive expenses, including employment on a contract or fee
20 basis of persons, firms, and corporations for the performance
21 of special services, including legal services, and the use of
22 the services and facilities of Federal land banks, national
23 farm loan associations, Federal Reserve banks, and agen-
24 cies of the Government as authorized by the Act of Jan-
25 uary 31, 1934 (12 U. S. C. 1020-1020h) ; and said total

1 sum shall be exclusive of interest expense, and expenses
2 in connection with the acquisition, operation, maintenance,
3 improvement, protection, or disposition of real or personal
4 property belonging to the Corporation or in which it has
5 an interest: *Provided*, That of the funds available to the
6 Corporation for administrative expenses, not to exceed
7 \$244,000 shall be available for payment to the Farm
8 Credit Administration for supervisory or other services
9 rendered: *Provided further*, That prior to June 30, 1949, not
10 less than \$68,000,000, and all additional cash funds in
11 excess of operating requirements for the fiscal year 1949,
12 shall be declared as dividends and paid into the general
13 fund of the Treasury: *Provided further*, That the aggregate
14 amount of bonds the Corporation may issue and have out
15 standing at any one time shall not exceed \$500,000,000.

16 Federal intermediate credit banks: Not to exceed
17 \$1,607,500, of which \$107,500 shall be available only for
18 liquidation of obligations incurred in the fiscal year 1948
19 (to be computed on an accrual basis), of the funds of the
20 banks shall be available for administrative expenses, includ-
21 ing the purchase of not to exceed five passenger motor
22 vehicles for replacement only, services performed for the
23 banks by other Government agencies (except services per-
24 formed by the banks for cooperatives in connection with
25 loans to cooperative associations rediscounted or pledged

1 with the Federal intermediate credit banks, and services
2 performed by any Federal Reserve bank and by the United
3 States Treasury in connection with the financial transactions
4 of the banks); and said total sum shall be exclusive of
5 interest expense, legal and special services performed on a
6 contract or fee basis, and expenses in connection with the
7 acquisition, operation, maintenance, improvement, protec-
8 tion, or disposition of real or personal property belonging
9 to the banks or in which they have an interest: *Provided*,
10 That of the funds available to the banks for administrative
11 expenses, not to exceed \$373,600, of which \$80,000 shall
12 be available only for liquidation of obligations incurred in
13 the fiscal year 1948, shall be available for payment to the
14 Farm Credit Administration for supervisory or other services
15 rendered.

16 Production credit corporations: Not to exceed
17 \$1,350,000 (to be computed on an accrual basis) of the
18 funds of the corporations shall be available for administrative
19 expenses, including the purchase of not to exceed three
20 passenger motor vehicles (for replacement only), services
21 performed for the corporations by other Government
22 agencies; and said total sum shall be exclusive of interest ex-
23 pense, legal and special services performed on a contract or
24 fee basis, and expenses in connection with the acquisi-
25 tion, operation, maintenance, improvement, protection,

1 or disposition of real or personal property belonging
2 to the corporations or in which they have an interest:
3 *Provided*, That of the funds available to the corporations for
4 administrative expenses, not to exceed \$232,000 shall be
5 available for payment to the Farm Credit Administration
6 for supervisory or other services rendered: *Provided*, That
7 prior to June 30, 1949, the corporations shall return Gov-
8 ernment capital aggregating not less than \$60,000,000 to
9 the Treasury of the United States to be carried to the surplus
10 fund and covered into the Treasury, and the Governor of
11 the Farm Credit Administration is authorized and directed
12 to cancel the capital stock of the corporations in par value
13 amount equal thereto.

14 Regional Agricultural Credit Corporation of Washing-
15 ton, District of Columbia: Not to exceed \$46,800 (to
16 be computed on an accrual basis) of the funds of the
17 Corporation shall be available for administrative expenses,
18 including supervision and examination by the Farm Credit
19 Administration and services performed for the Corporation
20 by other Government agencies; and said total sum shall
21 be exclusive of interest expense, legal and special services
22 performed on a contract or fee basis, and expenses in con-
23 nection with the acquisition, operation, maintenance, im-
24 provement, protection, or disposition of real or personal
25 property belonging to the Corporation or in which it has

1 an interest: *Provided*, That no other funds shall be avail-
2 able for administrative expenses of the Corporation: *Pro-*
3 *vided further*, That of the funds available to the Corporation
4 for administrative expenses, not to exceed \$12,500 shall
5 be available for payment to the Farm Credit Administration
6 for supervisory or other services rendered: *Provided further*,
7 That \$12,000 additional of the funds available for adminis-
8 trative expenses, fiscal year 1948, shall be available for
9 payment to the Farm Credit Administration for supervisory
10 or other services rendered: *Provided further*, That, for the
11 fiscal year 1949, the revolving fund in the Treasury of the
12 United States created by section 84 of the Act of June 16,
13 1933 (12 U. S. C. 1148a), for investment in any regional
14 agricultural credit corporation shall be available only in
15 the amount of \$25,000,000.

16 DEPARTMENT OF COMMERCE

17 Inland Waterways Corporation: Not to exceed
18 \$498,800 shall be available for administrative expenses, to
19 be determined in the manner set forth under the title
20 "General expenses" in the Uniform System of Accounts for
21 Carriers by Water of the Interstate Commerce Commission
22 (effective January 1, 1947) for water operations, and in the
23 manner set forth under the title "Operating expense
24 accounts—general" in the Uniform System of Accounts for
25 Steam Railroads of the Interstate Commerce Commission
26 (issue of 1943) for railroad operations: *Provided*, That no

1 funds shall be used to pay compensation of employees nor-
2 mally subject to the Classification Act of 1923, as amended,
3 at rates in excess of rates fixed for similar services under the
4 provisions of the Classification Act, as amended, nor to pay
5 the compensation of vessel employees and such terminal and
6 other employees as are not covered by the Classification
7 Act, at rates in excess of rates prevailing in the river trans-
8 portation industry in the area: *Provided further*, That the
9 Corporation is authorized to pay not to exceed \$3,918.48
10 for services actually rendered by eighteen of its former em-
11 ployees during the fiscal year 1947 and for which there
12 is no present authority to pay.

13 DEPARTMENT OF JUSTICE

14 Federal Prison Industries, Incorporated: Not to exceed
15 \$302,000, of which \$35,000 shall be available only for
16 liquidation of obligations incurred in the fiscal year 1948 (to
17 be computed on an accrual basis), of the funds of the Cor-
18 poration shall be available during the fiscal year 1949 for
19 its administrative expenses, which shall be determined in
20 accordance with the Corporation's prescribed accounting
21 system in effect on July 1, 1946, and shall be exclusive of
22 depreciation, vocational training expenses, payment of claims,
23 expenditures which the said accounting system requires to
24 be capitalized or charged to cost of commodities acquired or
25 produced, including selling and shipping expenses, and ex-
26 penses in connection with acquisition, construction, opera-

1 tion, maintenance, improvement, protection, or disposition of
2 facilities and other property belonging to the Corporation or
3 in which it has an interest.

4 DEPARTMENT OF STATE

5 The Institute of Inter-American Affairs: Not to exceed
6 \$490,000 of the funds available to the Corporation shall be
7 available during the fiscal year 1949 for its administrative
8 expenses, including administrative services performed for the
9 Corporation by other Government agencies.

10 TITLE III

11 GENERAL PROVISIONS

12 SEC. 301. Funds made available by this Act for ad-
13 ministrative expenses shall be available, in addition to objects
14 for which such funds are otherwise available, for personal
15 services and rent in the District of Columbia; printing and
16 binding; examination of budgets and estimates of appro-
17 priations in the field; travel expenses in accordance with
18 the Standardized Government Travel Regulations, the Sub-
19 sistence Expense Act of 1926, as amended (except as to
20 per diem rates outside continental United States) and the
21 Act of February 14, 1931, as amended (5 U. S. C. 73a);
22 for the objects specified under the head "General provisions"
23 in title II of the Independent Offices Appropriation Act,
24 1949, all the provisions of which title unless otherwise
25 specified in this Act, shall be applicable to the expenditure

1 of such funds; and services in accordance with section 15 of
2 the Act of August 2, 1946 (5 U. S. C. 55a) : *Provided*,
3 That in the event any functions budgeted as administrative
4 expenses are subsequently transferred to or paid from other
5 funds, the limitations on administrative expenses herein pro-
6 vided shall be correspondingly reduced.

7 SEC. 302. No part of any funds of or available to any
8 wholly owned Government corporation shall be used for the
9 purchase or construction, or in making loans for the purchase
10 or construction of any office building at the seat of govern-
11 ment primarily for occupancy by any department or agency
12 of the United States Government or by any corporation
13 owned by the United States Government.

14 SEC. 303. Funds of the corporations and agencies cov-
15 ered by the provisions of this Act shall be available for
16 payment of claims pursuant to section 403 of the Federal
17 Tort Claims Act (28 U. S. C. 921) .

18 SEC. 304. Any funds of, or available for expenditure
19 by, any corporation or agency included in this Act, which
20 are not subject to audit by the General Accounting Office
21 under the provisions of the Government Corporation Control
22 Act (31 U. S. C. 841-869) or other law, shall be accounted
23 for and audited in accordance with the Budget and Account-
24 ing Act, as amended, and no such fund shall be obligated or
25 expended unless and until an appropriate appropriation

1 account shall have been established therefor pursuant to an
2 appropriation warrant or a covering warrant: *Provided*, That
3 this section shall not be so construed as to modify or repeal
4 any provision of any other law respecting warranting, ac-
5 counting for, and auditing of funds.

6 SEC. 305. After the date of enactment hereof the salaries
7 of the Governor of the Farm Credit Administration and
8 the Housing and Home Finance Administrator shall be at
9 the rate of \$12,000 per annum.

10 SEC. 306. No part of the funds of, or available for
11 expenditure by, any corporation or agency included in this
12 Act shall be used to pay the salary or wages of any person
13 who engages in a strike against the Government of the
14 United States or who is a member of an organization of
15 Government employees that asserts the right to strike against
16 the Government of the United States, or who advocates, or
17 is a member of an organization that advocates, the overthrow
18 of the Government of the United States by force or violence,
19 or who is a member of any labor organization the officers of
20 which have not complied with the requirements of subsection
21 (h) of section 9 of the National Labor Relations Act, as
22 amended by the Labor-Management Relations Act, 1947:
23 *Provided*, That for the purposes hereof an affidavit shall be
24 considered prima facie evidence that the person making the
25 affidavit has not contrary to the provisions of this section

1 engaged in a strike against the Government of the United
2 States, is not a member of an organization of Government
3 employees that asserts the right to strike against the Govern-
4 ment of the United States, or that such person does not ad-
5 vocate, and is not a member of an organization that advocates,
6 the overthrow of the Government of the United States by
7 force or violence, or that such person is not a member of any
8 labor organization the officers of which have not complied
9 with the requirements of subsection (h) of section 9 of the
10 National Labor Relations Act, as amended by the Labor-
11 Management Relations Act, 1947: *Provided further*, That
12 any person who engages in a strike against the Government
13 of the United States or who is a member of an organization
14 of Government employees that asserts the right to strike
15 against the Government of the United States, or who ad-
16 vocates, or who is a member of an organization that
17 advocates, the overthrow of the Government of the United
18 States by force or violence, or who is a member of any labor
19 organization the officers of which have not complied with
20 the requirements of subsection (h) of section 9 of the
21 National Labor Relations Act, as amended by the Labor-
22 Management Relations Act, 1947, and accepts employment
23 the salary or wages for which are paid from any funds avail-
24 able to any corporation or agency included in this Act shall
25 be guilty of a felony, and upon conviction, shall be fined not

1 more than \$1,000 or imprisoned for not more than one year,
2 or both: *Provided further*, That the above penalty clause
3 shall be in addition to, and not in substitution for, any other
4 provisions of existing laws.

5 SEC. 307. This Act may be cited as "The Government
6 Corporations Appropriation Act, 1949".

Passed the House of Representatives May 11, 1948.

Attest:

JOHN ANDREWS,

Clerk.

80TH CONGRESS
2^D Session

H. R. 6481

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

MAY 12 (legislative day, MAY 10), 1948

Read twice and referred to the Committee on
Appropriations

H. R. 6481

IN THE SENATE OF THE UNITED STATES

MAY 18 (legislative day, MAY 10), 1948

Referred to the Committee on Appropriations and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. McKELLAR to the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes, viz:

1 On page 2, line 9, strike out the figures "\$27,389,061"
2 and insert in lieu thereof "\$31,389,061".

3 On page 2, line 13, strike out the figures "\$21,689,000"
4 and insert in lieu thereof "\$25,689,000".

5 On page 2, line 14, after the word "dams" insert "one
6 at Johnsonville, Tennessee, and".

80TH CONGRESS
2D Session
H. R. 6481

AMENDMENTS

Intended to be proposed by Mr. McKELLAR to the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

May 18 (legislative day, May 10), 1948
Referred to the Committee on Appropriations and
ordered to be printed

H. R. 6481

IN THE SENATE OF THE UNITED STATES

MAY 26 (legislative day, MAY 20), 1948

Referred to the Committee on Appropriations and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. LUCAS to the bill (H. R. 6481)
making appropriations for Government corporations and
independent executive agencies for the fiscal year ending
June 30, 1949, and for other purposes, viz:

- 1 On page 3, beginning on line 20 and ending line 25,
- 2 strike out the proviso.

80TH CONGRESS
2^D Session

H. R. 6481

AMENDMENT

Intended to be proposed by Mr. Lucas to the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

MAY 26 (legislative day, MAY 20), 1948

Referred to the Committee on Appropriations and
ordered to be printed

H. R. 6481

IN THE SENATE OF THE UNITED STATES

MAY 28 (legislative day, MAY 20), 1948

Referred to the Committee on Appropriations and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. MCKELLAR to the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes, viz:

1 On page 2, line 9, strike out the figures "\$27,389,061"
2 and insert in lieu thereof "\$31,389,061".

3 On page 2, line 13, strike out the figures "\$21,689,000"
4 and insert in lieu thereof "\$25,689,000".

5 On page 2, line 14, after the word "dams" insert "a
6 steam plant and facilities at New Johnsonville, Tennessee,
7 and".

80TH CONGRESS
2D Session

H. R. 6481

AMENDMENTS

Intended to be proposed by Mr. McKellar to the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

May 28 (legislative day, May 20), 1948

Referred to the Committee on Appropriations and ordered to be printed

MAKING APPROPRIATIONS FOR GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES FOR THE FISCAL YEAR ENDING JUNE 30, 1949

JUNE 12 (legislative day, JUNE 1), 1948.—Ordered to be printed

Mr. FERGUSON, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H. R. 6481]

The Committee on Appropriations to whom was referred the bill (H. R. 6481) entitled "An act making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes," report the same to the Senate with various amendments and submit information relative to the changes made.

APPROPRIATIONS

Amount of bill as passed by House.....	\$37, 979, 061
Amount of bill as recommended by the Senate committee.....	42, 062, 061
Net increase over the House bill.....	4, 083, 000
House allowance under budget estimates by.....	¹ 16, 665, 039
Senate committee allowance under budget estimates by.....	¹ 12, 582, 039

ADMINISTRATIVE EXPENSE AUTHORIZATIONS

Amount of bill as passed by House.....	68, 933, 600
Amount of bill as recommended by Senate committee.....	70, 483, 100
Net increase over the House bill.....	1, 549, 500

¹Includes \$5,000,000 contract authorization requested but denied by committee.

House allowance under budget estimates by-----	\$6, 357, 000
Senate committee allowance under budget estimates by_-	<u>4, 807, 500</u>

GENERAL STATEMENT

The committee has given careful consideration to the many requests for changes in the bill as approved by the House. Few changes have been made in the bill since it is the view of the committee that the amounts authorized by the House and the language included in the bill are sound. In most instances the House made minor reductions in the amounts for administrative expenses which should result in no impairment of functions should the administrative officials make a sincere effort to cooperate with Congress in its desire for reduced expenditures.

SALARY OF GOVERNOR OF FARM CREDIT ADMINISTRATION AND HOUSING
AND HOME FINANCE ADMINISTRATOR

Under the provisions of the House bill, the salary of the Governor of the Farm Credit Administration and the Housing and Home Finance Administrator would be increased to \$12,000 per annum. It is the judgment of the committee that such provisions should not be included in appropriation bills. Furthermore there is a bill pending before the Congress dealing with the salary scale of all Federal employees. Consequently, the committee has recommended that the House language be stricken from the bill.

The changes in the amounts of the House bill recommended by the committee are as follows:

TITLE I—APPROPRIATIONS

INCREASES AND LIMITATIONS

Tennessee Valley Authority-----	\$3, 583, 000
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The estimate for appropriated funds for the Tennessee Valley Authority for the fiscal year 1949 was \$35,154,600, and the House allowed an appropriation of \$27,389,061. The committee has increased the appropriation by \$4,000,000 for the purpose of starting construction of a steam power plant at New Johnsonville, Tenn. The net increase for the TVA is \$3,583,000 since the committee has approved a reduction of \$417,000 inasmuch as the carry-over of funds from fiscal year 1948 to fiscal year 1949 will be \$917,000 instead of \$500,000 as originally estimated. The House figure of \$27,389,061 was based on a carry-over of \$500,000. Language has been included in the bill with respect to the steam plant.

Department of the Interior: Virgin Islands Company-----	<u>500, 000</u>
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The committee has inserted language in the bill authorizing the Secretary of the Treasury to loan \$500,000 to the Virgin Islands Company. It is the desire of the committee that the Company furnish to the committee directly after the first of the year a complete statement with respect to the financial condition of the Company.

TOTAL INCREASE, TITLE I-----	<u><u>4, 083, 000</u></u>
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TITLE II—ADMINISTRATIVE EXPENSES (LIMITATIONS ON AMOUNTS OF CORPORATE FUNDS TO BE EXPENDED)

INCREASES AND LIMITATIONS

The Panama Canal:

Panama Railroad Company:

The following language in the House bill has been amended as indicated in order to insure that the Company is not required to make two \$10,000,000 dividend payments into the Treasury:

"Provided, That [immediately upon the enactment of this act] prior to July 31, 1948, the board of directors shall declare and pay into the Treasury of the United States as miscellaneous receipts a dividend of \$10,000,000 [], if not otherwise required to be turned into the Treasury under the provisions of the proposed Federal charter."

Housing and Home Finance Agency:

Home Owners' Loan Corporation-----

\$250, 000

The committee has approved an increase of \$250,000 in the administrative expense authorization for the HOLC. The budget estimate was \$2,500,000 and this amount had been decreased by the House to \$2,250,000.

Language included in the bill by the House provided for the transfer of the capital stock owned by the HOLC in the Federal Savings and Loan Insurance Corporation to the Secretary of the Treasury and for the Secretary of the Treasury to cancel a like amount of capital stock in the HOLC. The House language has been amended as indicated below in order to accomplish the intention of the House:

Provided, That all rights, title, and interest of the Home Owners' Loan Corporation in the capital stock of the Federal Savings and Loan Insurance Corporation is hereby transferred to the Secretary of the Treasury and the Secretary of the Treasury is authorized and directed to cancel [the capital stock] bonds of the Home Owners' Loan Corporation in [par value] an amount equal to the par value of the stock of the Federal Savings and Loan Insurance Corporation so transferred [], plus accrued dividends thereon.

The committee has included the following language in the bill pursuant to the request presented to the committee in Senate Document 163, May 28, 1948:

: Provided further, That not to exceed \$5,000 of the funds of said Corporation shall be available until June 30, 1952, for the payment of such expenses as the Chairman of the Home Loan Bank Board or his designee or designees may find necessary for winding up the affairs and effecting the dissolution of the United States Housing Corporation and the United States Housing Corporation of Pennsylvania

INCREASES AND LIMITATIONS—continued

Housing and Home Finance Agency—Continued

Public Housing Administration----- \$1, 000, 000

The House bill reduced the administrative expense authorization for the Public Housing Administration from \$11,000,000 to \$9,000,000. The committee has approved an increase of \$1,000,000, to provide a total of \$10,000,000, which compares with an appropriation of \$11,500,000 for the fiscal year 1948. The committee is of the opinion the work load of the Administration has not decreased sufficiently to warrant the \$2,000,000 reduction made by the House.

The committee has denied the request of the Administration to delete the 20-percent limitation on the number of employees in grades CAF-11 and P-4.

The committee has also disapproved the request of the Administration to delete language included in the bill for fiscal year 1948 and continued in the House bill for 1949, dealing with payments in lieu of taxes.

The committee has approved language providing that not to exceed \$3,000 of the funds made available to the Housing and Home Finance Agency may be used for expenses of attendance at meetings concerned with the work of the Agency.

Total increase in limitations for administrative expenses, Housing and Home Finance Agency-----

1, 250, 000

Department of Agriculture:

Federal Intermediate Credit Banks:

The House allowed \$1,607,500 for administrative expenses of which not to exceed \$373,600 would be available for payment to the Farm Credit Administration for supervisory or other services rendered. The committee has denied a request to increase the administrative expense limitation to the budget estimate of \$1,755,300 but has decreased the amount which may be paid to the Farm Credit Administration for supervisory or other services from \$373,600 to \$223,600, a reduction of \$150,000.

Production credit corporations-----

150, 000

For administrative expenses, the House allowed \$1,350,000, a decrease of \$252,600 under the budget estimate of \$1,602,600. The committee is of the opinion the House reduction is too drastic and accordingly has increased the amount by \$150,000 to provide a total of \$1,500,000. The House bill carried language providing for the corporations to return \$60,000,000 in Government capital to the Treasury of the United States. The committee has amended the House bill to provide for a return of \$20,000,000 instead of \$60,000,000 to the Treasury.

INCREASES AND LIMITATIONS—continued

Department of Agriculture—Continued

Regional Agricultural Credit Corporation of Washington, D. C.-----

\$150, 000

The committee has provided an additional \$150,000 to this corporation for administrative expenses. \$100,000 of this increase has been included in the bill in view of the action of the Congress in adopting an amendment to the Agriculture Department appropriation bill for 1949 dealing with the corporation reentering an area where an economic emergency or production disaster has occurred. The balance of \$50,000 has been included in view of the inclusion in the bill of the following language with respect to loans to bona fide fur farmers:

: Provided further, That, notwithstanding any provisions of law to the contrary, in addition to the foregoing the Corporation is authorized to utilize, from the revolving fund created by section 84 of the Farm Credit Act of 1933 (12 U. S. C. 1148a), such sums as may be necessary (a) to make loans, during a period of five years, to bona fide fur farmers in accordance with the provisions of section 201 (e) of the Emergency Relief and Construction Act of 1932, as amended (12 U. S. C. 1148), the aggregate principal amount of which loans shall not exceed \$4,000,000 outstanding at any one time, and (b) not to exceed \$50,000 for administrative expenses of the Corporation and the Farm Credit Administration in connection with such loans.

Total increase in limitations for administrative expenses, Department of Agriculture-----

300, 000

Department of Commerce:

Inland Waterways Corporation:

The House bill authorizes the payment of \$3,918.48 out of the funds of the Corporation to 18 former employees who engaged in a strike against the Government, returned to work for the Corporation and were later discharged. The language in question which is set forth below has been deleted from the bill by the committee:

Provided further, That the Corporation is authorized to pay not to exceed \$3,918.48 for services actually rendered by eighteen of its former employees during the fiscal year 1947 and for which there is no present authority to pay.

Department of Justice:

Federal Prison Industries, Inc.:

The following language has been included in the bill by the committee in order to provide for the vocational training of prisoners as authorized by the act of May 11, 1948 (Public Law 521):

: Provided, That funds of the Corporation shall be available, in amounts not to exceed \$338,000 during the fiscal year 1948 and \$380,000 during the fiscal year 1949, for expenses of vocational training of prisoners as authorized by the Act of May 11, 1948 (Public Law 521), such expenses to be computed and determined on the same basis and with the same exclusions (except vocational training expenses) as provided herein with respect to administrative expenses.

Total increase, title II administrative expenses (limitations on amounts of corporate funds to be expended)-----

1, 550, 000

TITLE II—ADMINISTRATIVE EXPENSES (LIMITATIONS ON AMOUNTS OF CORPORATE FUNDS TO BE EXPENDED)

DECREASES AND LIMITATIONS

Tennessee Valley Associated Cooperatives, Inc.----- \$500

The committee has deleted from the bill all of the language with respect to the Tennessee Valley Associated Cooperatives, Inc. The House had allowed an administrative expense limitation of \$500. In the 1948 Appropriation Act, the Tennessee Valley Associated Cooperatives, Inc., was allowed \$2,500 and it was provided that appropriate steps should be taken to secure the final dissolution and liquidation of the Corporation at the earliest practicable date. The committee can find no justification for continuing appropriations for this Corporation.

Total decrease, title II administrative expenses (limitations on amounts of corporate funds to be expended)-----	500
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Net increase, title II-----	1, 549, 500
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Amount of bill as reported to Senate-----	42, 062, 061
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TITLE III—GENERAL PROVISIONS

The following provision has been amended as indicated to conform with action taken by the Congress on other appropriation bills:

SEC. 306 305. No part of the funds of, or available for expenditure by, any corporation or agency included in this Act shall be used to pay the salary or wages of any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence; ~~or who is a member of any labor organization the officers of which have not complied with the requirements of subsection (h) of section 9 of the National Labor Relations Act, as amended by the Labor Management Relations Act, 1947:~~ *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence; ~~or that such person is not a member of any labor organization the officers of which have not complied with the requirements of subsection (h) of section 9 of the National Labor Relations Act, as amended by the Labor Management Relations Act, 1947:~~ *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence; ~~or who is a member of any labor organization the officers of which have not complied with the requirements of subsection (h) of section 9 of the National Labor Relations Act, as amended by the Labor Management Relations Act, 1947;~~ and accepts employment the salary or wages for which are paid from any funds available to any corporation or agency included in this Act shall be guilty of a felony, and upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing laws.

COMPARATIVE STATEMENT SHOWING THE APPROPRIATIONS FOR 1948, THE ESTIMATES FOR 1949, THE BILL AS PASSED THE HOUSE, THE SENATE RECOMMENDATIONS IN ACCOMPANYING BILL, THE INCREASES OR DECREASES PROPOSED IN THE BILL AS COMPARED WITH THE CURRENT APPROPRIATIONS AND THE INCREASES OR DECREASES PROPOSED IN THE BILL AS COMPARED WITH THE BUDGET ESTIMATES AND THE HOUSE BILL

Corporation or agency	Appropriations, 1948	Budget estimates, 1949	Recommended in House bill, 1949	Recommended in Senate bill, 1949	Increase (+) or decrease (-), Senate bill compared with—		
					Appropriations, 1948	Budget estimates, 1949	House bill, 1949
Department of Agriculture: Salaries and expenses, Farm Credit Administration.....	1 \$561,000	1 \$631,000	\$500,000	\$500,000	—\$61,000	—\$31,000	-----
Department of Commerce: Inland Waterways Corporation.....	-----	3,000,000	2,000,000	2,000,000	+2,000,000	—1,000,000	-----
Department of Interior: Virgin Islands Company.....	-----	-----	-----	500,000	+500,000	+500,000	+500,000
The Institute of Inter-American Affairs.....	7,000,000	2 3,848,500	2,500,000	2,500,000	—4,500,000	—1,348,500	-----
Housing and Home Finance Agency:							
Office of the Administrator.....	3 865,000	910,000	750,000	750,000	—115,000	—160,000	-----
Veterans' reuse housing program.....	35,500,000	-----	-----	-----	—35,500,000	-----	-----
Public Housing Administration (low-rent contributions).....	4,000,000	6,200,000	4,840,000	4,840,000	+840,000	—1,360,000	-----
Tennessee Valley Authority.....	18,700,000	35,154,600	27,389,061	30,972,061	+12,272,061	—4,182,539	+3,583,000
Total, appropriated funds.....	66,626,000	49,644,100	37,979,061	42,062,061	—24,563,939	—7,582,039	+4,083,000
Contract authorization; Institute of Inter-American Affairs.....	-----	5,000,000	-----	-----	-----	—5,000,000	-----
Total, appropriated funds and contract authorization.....	66,626,000	54,644,100	37,979,061	42,062,061	—24,563,939	—12,582,039	+4,083,000

¹ In addition, there are available to the Farm Credit Administration amounts assessed member institutions for costs of examination and administrative supervision.

² Represents estimate submitted as a 1948 supplemental (H. Doc. 562) for program authorized by Public Law 369 of Aug. 5, 1947, but since the funds are intended for use principally in 1949 the committee has considered the amount as a 1949 estimate. NOTE.—Also, see figure below as to estimate of contract authorization.

³ Includes \$765,000 authorized to be transferred from other accounts by the Government Corporations Appropriation Act, 1948.

Comparative statements showing the authorizations for 1948, the estimates for 1949, the bill as passed the House, the Senate recommendations in accompanying bill, the increases or decreases proposed in the bill as compared with the current appropriations and the increases or decreases proposed in the bill as compared with the budget estimates and the House bill—Continued

ADMINISTRATIVE EXPENSES

[Limitations on amounts of corporate funds to be expended]

Corporation or agency	1948 authorizations	Budget estimates, 1949	Recommended in House bill, 1949	Recommended in Senate bill, 1949	Increase (+) or decrease (-), Senate bill compared with—		
					Appropriations, 1948	Budget estimates, 1949	House bill, 1949
Export-Import Bank of Washington.....	\$800,000	\$800,000	\$800,000	\$800,000	-----	-----	-----
Panama Railroad Company.....	750,000	715,000	715,000	715,000	-\$35,000	-----	-----
Tennessee Valley Associated Cooperatives, Inc.....	2,500	1,000	500	-----	-2,500	-\$1,000	-\$500
Tennessee Valley Authority.....	\$ 3,873,000	\$ 3,966,000	3,677,000	3,677,000	-196,000	-259,000	-----
Reconstruction Finance Corporation.....	38,754,700	25,796,000	24,796,000	24,796,000	-13,958,700	-1,000,000	-----
Housing and Home Finance Agency:							
Home Loan Bank Board.....	1,400,000	1,882,000	1,800,000	1,800,000	+400,000	-82,000	-----
Federal Savings and Loan Insurance Corporation.....	532,000	635,000	600,000	600,000	+63,000	-35,000	-----
Home Owners' Loan Corporation.....	3,250,000	2,500,000	2,250,000	2,500,000	-750,000	-----	+250,000
Federal Housing Administration.....	\$ 20,200,000	11 20,650,000	19,000,000	19,000,000	-1,200,000	-1,650,000	-----
Public Housing Administration.....	11,500,000	11,000,000	9,000,000	10,000,000	-1,500,000	-1,000,000	+1,000,000
Department of Agriculture:							
Federal Farm Mortgage Corporation.....	2,750,000	2,160,700	2,000,000	2,000,000	-750,000	-160,700	-----
Federal Intermediate Credit Banks.....	1,250,000	1,755,300	1,607,500	1,607,500	+357,500	-147,800	-----
Production Credit Corporations.....	1,600,000	1,602,000	1,350,000	1,500,000	-100,000	-102,000	+150,000
Regional Agricultural Credit Corporation of Washington, D. C.....	200,000	46,800	46,800	196,800	-3,200	+150,000	+150,000

Department of Commerce:

Inland Waterways Corporation.....	418, 100	\$ 498, 800	\$ 498, 800	+80, 700	-----
Warrior River Terminal Company.....	20, 100	-----	-----	-20, 100	-----
Department of Justice: Federal Prison Industries, Inc.....	225, 000	\$ 302, 000	\$ 302, 000	+77, 000	-----
Department of State: Institute of Inter-American Affairs.....	10 932, 000	980, 000	490, 000	-442, 000	-----
Total.....	88, 457, 400	75, 290, 600	68, 933, 600	-17, 974, 300	+1, 549, 500

⁴ Net reduction below 1948 amount is attributable to reclassification of certain administrative expenses as direct operating expenses and vice versa. On comparable basis with 1948 amount, 1949 estimate would be \$790,000, or an increase of \$40,000 above 1948.

⁵ Estimated by TVA but not proposed in budget for limitation by law.

⁶ Includes \$200,000 authorized by Urgent Deficiency Appropriation Act, 1948.

⁷ Includes \$107,500 for fiscal 1948.

⁸ Estimate includes activities previously carried under "Administrative expenses, Warrior River Terminal Company."

⁹ Includes \$35,000 for fiscal 1948.

¹⁰ Administrative expense funds of Institute of Inter-American Affairs, Inc., and Inter-American Educational Foundation, Inc., were merged by Public Law 369 of Aug. 5, 1947.

Amount of \$932,000 includes \$800,000 authorized by Government Corporations Appropriation Act, 1948, and \$132,000 authorized by the Supplemental Appropriation Act, 1948.

¹¹ Includes \$1,650,000 in S. Doc. 163.

RESCISSIONS, DIVIDENDS, AND REDUCTIONS IN CORPORATE CAPITAL

Agency and item	Budget estimates, 1949	Recommended in House bill, 1949	House bill com- pared with budg- et estimates	Recommended in Senate bill, 1949	Senate bill com- pared with budg- et estimates	Senate bill com- pared with House bill
Housing and Home Finance Agency, veterans' reuse housing pro- gram (rescission).....	-----	\$7, 650, 000	+ \$7, 650, 000	\$7, 650, 000	+ \$7, 650, 000	-----
Panama Railroad Company (dividend to U. S. Treasury).....	-----	10, 000, 000	+10, 000, 000	10, 000, 000	+10, 000, 000	-----
Federal Farm Mortgage Corporation (dividend to U. S. Treasury).....	1 \$68, 000, 000	1 68, 000, 000	-----	1 68, 000, 000	-----	-----
Production credit corporations (reduction of corporate capital and return thereof to surplus fund of the Treasury).....	1 6, 275, 000	1 60, 000, 000	+53, 725, 000	1 20, 000, 000	+13, 725, 000	-\$40, 000, 000
Regional Agricultural Credit Corporation (restriction on amount available in 1949 from revolving fund).....	-----	19, 400, 000	+19, 400, 000	19, 400, 000	+19, 400, 000	-----
Total for foregoing items.....	74, 275, 000	165, 050, 000	+90, 775, 000	125, 050, 000	+50, 775, 000	-40, 000, 000

¹ Amounts in budget were tentative, but amounts recommended in bill are specifically required to be paid.

Calendar No. 1673

80TH CONGRESS
2D SESSION

H. R. 6481

[Report No. 1616]

IN THE SENATE OF THE UNITED STATES

MAY 12 (legislative day, MAY 10), 1948

Read twice and referred to the Committee on Appropriations

JUNE 12 (legislative day, JUNE 1), 1948

Reported by Mr. FERGUSON, with amendments

[Omit the part struck through and insert the part printed in *italic*]

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I

4 That the following sums are appropriated, out of any
5 money in the Treasury not otherwise appropriated, for the
6 fiscal year ending June 30, 1949, namely:

7 TENNESSEE VALLEY AUTHORITY

8 For the purpose of carrying out the provisions of the

1 Tennessee Valley Authority Act of 1933, as amended (16
 2 U. S. C., ch. 12A), including purchase (not to exceed
 3 one, for replacement only) and hire, maintenance, repair,
 4 and operation of aircraft; the purchase (not to exceed two
 5 hundred and seventy, of which two hundred and twenty
 6 shall be for replacement only) and hire of passenger motor
 7 vehicles, ~~\$27,389,061~~ \$30,972,061, to remain available until
 8 expended, and to be available for the payment of obligations
 9 chargeable against prior appropriations, together with the
 10 unobligated balance of funds heretofore appropriated, of
 11 which not to exceed ~~\$21,689,000~~ \$25,689,000 shall be
 12 available for capital expenditures, including construction of
 13 dams, *one steam plant at New Johnsonville, Tennessee*, addi-
 14 tions and betterments to completed multiple-use facilities,
 15 investigations for future projects, chemical facilities, and
 16 facilities and equipment for general use.

17 HOUSING AND HOME FINANCE AGENCY

18 OFFICE OF THE ADMINISTRATOR

19 Salaries and expenses, Office of the Administrator,
 20 \$750,000, to be available for necessary expenses of the Office
 21 of the Administrator, including the preparation, mounting,
 22 shipping, and installation of exhibits; expenses of attendance
 23 at meetings of organizations concerned with the work of the
 24 Agency when specifically authorized by the Administra-

1 tor; and health service program as authorized by law
2 (5 U. S. C. 150).

3 PUBLIC HOUSING ADMINISTRATION

4 Annual contributions: For the payment of annual contri-
5 butions to public housing agencies in accordance with section
6 10 of the United States Housing Act of 1937, as amended
7 (42 U. S. C. 1410), \$4,840,000: *Provided*, That except
8 for payments required on contracts entered into prior to
9 April 18, 1940, no part of this appropriation shall be avail-
10 able for payment to any public housing agency for expendi-
11 ture in connection with any low-rent housing project, unless
12 the public housing agency shall have adopted regulations
13 prohibiting as a tenant of any such project by rental or occu-
14 pancy any person other than a citizen of the United States,
15 but such prohibition shall not be applicable in the case of
16 a family of any serviceman or the family of any veteran who
17 has been discharged (other than dishonorably) from, or the
18 family of any serviceman who died in, the armed forces of
19 the United States within four years prior to the date of
20 application for admission to such housing: *Provided further*,
21 That no part of this appropriation shall be used to pay any
22 public housing agency any contribution occasioned by pay-
23 ments in lieu of taxes in excess of the amount specified in
24 the original contract between such agency and the Public

1 Housing Administration or its predecessor agencies: *Provided*
2 *further*, That all expenditures of this appropriation shall be
3 subject to audit and final settlement by the Comptroller
4 General of the United States under the provisions of the
5 Budget and Accounting Act of 1921, as amended.

6 DEPARTMENT OF STATE

7 THE INSTITUTE OF INTER-AMERICAN AFFAIRS

8 For necessary expenses of the Institute of Inter-
9 American Affairs in carrying out the provisions of Public
10 Law 369, approved August 5, 1947, during the fiscal year
11 1949, \$2,500,000: *Provided*, That funds made available
12 to the Corporation by this Act and under prior appropria-
13 tions and not obligated by the Corporation on or before
14 June 30, 1949, shall not be available for obligation after
15 that date and shall lapse pursuant to section 3690 of the
16 Revised Statutes and the Act of June 20, 1874, as amended
17 (31 U. S. C., 712, 713).

18 DEPARTMENT OF AGRICULTURE

19 FARM CREDIT ADMINISTRATION

20 For necessary expenses, including personal services in
21 the District of Columbia; printing and binding; not to ex-
22 ceed \$5,000 for attendance at meetings or conventions of
23 members of organizations at which matters of importance
24 to the work of the Farm Credit Administration are to be
25 discussed or transacted; not to exceed \$750 for periodicals

1 and newspapers; library membership fees or dues in organi-
2 zations which issue publications to members only or to mem-
3 bers at a lower price than to others, payment for which may
4 be made in advance; not to exceed \$20,000 for expenditures
5 authorized by section 602 of the Organic Act of 1944 (12
6 U. S. C. 833); purchase of one passenger motor vehicle
7 (for replacement only) for use in the District of Columbia
8 and elsewhere; garage rental in the District of Columbia;
9 payment of actual transportation and other necessary ex-
10 penses and not to exceed \$10 per diem in lieu of subsistence
11 of persons serving, while away from their homes, without
12 other compensation from the United States, in an advisory
13 capacity to the Farm Credit Administration, except that such
14 expenditures shall not exceed \$10,000; examination of cor-
15 porations, banks, associations, and institutions operated,
16 supervised, or regulated by the Farm Credit Administration;
17 in all, \$500,000. Collections made pursuant to section 601
18 of the Organic Act of 1944 (12 U. S. C. 832) are hereby
19 made available to reimburse this appropriation for the cost
20 of examining and supervising the corporations, banks, asso-
21 ciations, and other organizations as provided in said section.

22 DEPARTMENT OF COMMERCE

23 Inland Waterways Corporation: For the purchase of
24 capital stock of the Inland Waterways Corporation author-
25 ized by section 2 of the Act of June 3, 1924, as amended

1 (49 U. S. C. 152), \$2,000,000, to remain available until
2 expended.

3 REDUCTION IN APPROPRIATIONS

4 Amounts available from appropriations and other funds
5 are hereby reduced in the sums hereinafter set forth, such
6 sums to be carried to the surplus fund and covered into the
7 Treasury upon the approval of this Act:

8 HOUSING AND HOME FINANCE AGENCY

9 Office of the Administrator: Veterans' housing: \$7,-
10 650,000 of the unobligated balances of the funds appro-
11 priated or made available for carrying out the veterans'
12 reuse housing program under title V of the Lanham Act
13 (Act of October 14, 1940, as amended, 42 U. S. C. 1521,
14 1571), of which \$4,650,000 shall be from the unobligated
15 balances of the funds appropriated by Public Law 256,
16 Eightieth Congress.

17 TITLE II

18 The following corporations and agencies, respectively,
19 are hereby authorized to make such expenditures, within the
20 limits of funds and borrowing authority available to each
21 such corporation or agency and in accord with law, and to
22 make such contracts and commitments without regard to
23 fiscal year limitations as provided by section 104 of the
24 Government Corporation Control Act, as amended, as may
25 be necessary in carrying out the programs set forth in the

1 Budget for the fiscal year 1949 for each such corporation or
2 agency, except as hereinafter provided:

3 INDEPENDENT AGENCIES AND CORPORATIONS

4 Export-Import Bank of Washington: Not to exceed
5 \$800,000 (to be on an accrual basis) of the funds of the
6 Export-Import Bank of Washington shall be available dur-
7 ing the fiscal year 1949 for all administrative expenses of
8 the bank, including not to exceed \$300 for periodicals, \$300
9 for newspapers, and \$500 for maps; health-service pro-
10 gram as authorized by law (5 U. S. C. 150), and not
11 to exceed \$2,000 for temporary services, as authorized by
12 section 15 of the Act of August 2, 1946 (5 U. S. C. 55a) :
13 *Provided*, That necessary expenses (including special serv-
14 ices performed on a contract or fee basis, but not including
15 other personal services) in connection with the acquisition,
16 operation, maintenance, improvement, or disposition of any
17 real or personal property belonging to the bank or in which
18 it has an interest, including expenses of collections of pledged
19 collateral, or the investigation or appraisal of any property
20 in respect to which an application for a loan has been made,
21 shall be considered as nonadministrative expenses for the
22 purposes hereof.

23 Panama Railroad Company: Not to exceed \$715,000
24 (to be computed on an accrual basis) of the funds of the
25 company shall be available during the fiscal year 1949 for its

1 administrative expenses, including administrative services
2 performed for the company by other Government agencies,
3 which shall be determined in accordance with the company's
4 prescribed accounting system in effect on July 1, 1946, and
5 shall be exclusive of depreciation, payment of claims,
6 expenses of the commissary coupon audit, commissary contra-
7 band inspection, expenditures which the company's pre-
8 scribed accounting system requires to be capitalized or
9 charged to cost of commodities acquired, and expenses in
10 connection with acquisition, construction, operation, mainte-
11 nance, improvement, protection, and disposition of facilities
12 and other property belonging to the company or in which
13 it has an interest: *Provided, That immediately upon the en-*
14 *actment of this Act prior to July 31, 1948, the Board of*
15 *Directors shall declare and pay into the Treasury of the*
16 *United States as miscellaneous receipts a dividend of*
17 *\$10,000,000 if not otherwise required to be turned into the*
18 *Treasury under the provisions of the proposed Federal*
19 *charter.*

20 Tennessee Valley Associated Cooperatives, Incorpo-
21 rated: Of the funds available to the Corporation, not to
22 exceed \$500 shall be available for administrative expenses
23 related to liquidation and dissolution, and not to exceed \$500
24 for the cost of audit, as required by the Government Corpo-
25 ration Control Act of December 6, 1945 (Public Law 248):

1 *Provided*, That all administrative duties and responsibilities
 2 shall be assumed by such officers and employee of the Treas-
 3 ury Department as the Secretary of the Treasury may desig-
 4 nate, and who shall receive no additional compensation for
 5 such duties: *Provided further*, That the Secretary of the
 6 Treasury shall take appropriate steps to secure the final
 7 dissolution and liquidation of said Corporation at the earliest
 8 practicable date: *Provided further*, That the total cost of
 9 liquidation and dissolution shall be paid out of funds avail-
 10 able to the Corporation without additional appropriations
 11 therefor: *Provided further*, That the Board of Directors of
 12 the Corporation is authorized to transfer to the Secretary of
 13 the Treasury title to assets (other than real property) of the
 14 Corporation upon certification of the president of the Corpo-
 15 ration that such transfer is to the interest of the Govern-
 16 ment of the United States and the Secretary of the Treasury
 17 is authorized to dispose of such assets at such times and in
 18 such manner as he may determine.

19 Tennessee Valley Authority: Pursuant to the require-
 20 ments applicable to the Tennessee Valley Authority of title
 21 II, Public Law 268, approved July 30, 1947, total payments
 22 of not less than \$5,500,000 shall be made in the fiscal year
 23 1949 from net income derived from power operations.

24 Not to exceed \$3,677,000, of which not to exceed

1 \$992,061 shall be derived from funds appropriated by title
2 I hereof (to be computed on an accrual basis), of the funds
3 available to the Tennessee Valley Authority, shall be
4 available during the fiscal year 1949 for all administrative
5 and general expenses of the Corporation, which expenses
6 shall be inclusive of costs of all administrative offices and
7 other activities representing management and other functions
8 serving the programs and projects of the Corporation in
9 general.

10 Reconstruction Finance Corporation: Not to exceed
11 \$24,796,000 (to be computed on an accrual basis) of the
12 funds of the Reconstruction Finance Corporation shall be
13 available during the fiscal year 1949 for its administrative
14 expenses and the administrative expenses of the Federal
15 National Mortgage Association; not to exceed \$1,500 for
16 periodicals and newspapers; health service program as
17 authorized by law (5 U. S. C. 150); use of the
18 services and facilities of the Federal Reserve banks:
19 *Provided*, That as used herein the term "admin-
20 istrative expenses" shall be construed to include all salaries
21 and wages, services performed on a contract or fee basis,
22 and travel and other expenses, including the purchases of
23 equipment and supplies, of administrative offices: *Provided*
24 *further*, That the limiting amount heretofore stated for
25 administrative expenses shall be increased by an amount

1 which does not exceed the aggregate cost of salaries, wages,
2 travel, and other expenses of persons employed outside the
3 continental United States; wages, fees, and other expenses,
4 including cost of contract services, of persons who are
5 exclusively engaged in construction, operation, clearance,
6 maintenance and protection of plants, operating facilities,
7 acquired collateral, and other property in which the Cor-
8 poration has an interest; the expenses of services performed
9 on a contract or fee basis in connection with termination
10 of contracts or in the performance of legal services; and
11 all expenses reimbursable from other Government agencies:
12 *Provided further*, That the distribution of administrative
13 expenses to the accounts of the Corporation shall be made
14 in accordance with ~~its~~ *generally recognized* accounting
15 principles and practices: *Provided further*, That, except
16 as otherwise provided hereinafter, none of the funds
17 of the Reconstruction Finance Corporation and its sub-
18 sidiary shall be used for the custody, maintenance,
19 or disposal of any surplus property within the con-
20 tinental limits of the United States, its Territories or
21 possessions, except such property as may be owned by and
22 held for disposal by the Reconstruction Finance Corporation
23 or its subsidiary; but, notwithstanding any other provision
24 of law, the Reconstruction Finance Corporation may waive
25 reimbursement from War Assets Administration for the

1 administrative property transferred prior to July 1, 1946,
2 and for expenses incurred prior thereto in the custody, main-
3 tenance, or disposal of any surplus property: *Provided fur-*
4 *ther*, That no part of the funds of the Reconstruction Finance
5 Corporation or of its subsidiary shall be used to make any
6 purchase or for personal services or to enter into any contract
7 for the use or benefit of any other agency of the Government
8 unless such agency shall have authority in law and appropria-
9 tions available to make reimbursement for such purchase, per-
10 sonal services, or contract, except that this provision shall not
11 apply to expenditures in connection with materials, surplus
12 to the needs of the Corporation, which have been or hereafter
13 shall be transferred to stock piles established pursuant to the
14 Strategic and Critical Materials Stock Piling Act (60 Stat.
15 599) : *Provided further*, That the Secretary of the Treasury
16 is hereby authorized and directed to cancel notes of the Re-
17 construction Finance Corporation in the amount of \$9,313,-
18 736,531, plus the interest accrued thereon subsequent to
19 June 30, 1947, the foregoing stated amount representing un-
20 recovered costs to the Corporation as of June 30, 1947, in
21 its national defense, war, and reconversion activities, and any
22 amounts recovered by the Corporation with respect to these
23 activities subsequent to June 30, 1947, shall, after deduction
24 of related expenses, be deposited in the Treasury as mis-
25 cellaneous receipts: *Provided further*, That, notwithstand-

1 ing the provisions of section 6 (b) of the Strategic and Criti-
2 cal Materials Stock Piling Act (60 Stat. 599), the Secre-
3 tary of the Treasury shall cancel notes of the Reconstruc-
4 tion Finance Corporation on account of the transfer of
5 materials to stock piles in an amount equivalent only to the
6 costs incurred by the Corporation subsequent to June 30,
7 1947, for handling, storing, processing, and transporting
8 such materials, as determined and certified by the Corpora-
9 tion from its accounting records.

10 HOUSING AND HOME FINANCE AGENCY

11 Home Loan Bank Board: Not to exceed a total of
12 \$1,800,000, of which \$1,340,000 shall be available exclu-
13 sively for necessary expenses in connection with the making
14 of supervisory or other examinations (except examinations
15 of Federal home loan banks) including the provision of
16 services and facilities therefor, to be derived from the special
17 deposit account established under the provisions under the
18 head "Federal Home Loan Bank Administration" in the
19 Independent Offices Appropriation Act, 1944, and from
20 receipts of the Federal Home Loan Bank Administration,
21 the Federal Home Loan Bank Board, or the Home Loan
22 Bank Board for the fiscal year 1949 and prior fiscal years,
23 shall be available during the fiscal year 1949 for adminis-
24 trative expenses of the Home Loan Bank Board, including
25 health-service program as authorized by law (5 U. S. C.

1 150), and the Board may utilize and may make payment
2 for services and facilities of the Federal home-loan banks,
3 the Federal Reserve banks, the Federal Savings and Loan
4 Insurance Corporation, the Home Owners' Loan Corpora-
5 tion, and other agencies of the Government: *Provided*, That
6 all necessary expenses in connection with the conservator-
7 ship of institutions insured by the Federal Savings and Loan
8 Insurance Corporation and all necessary expenses (including
9 services performed on a contract or fee basis, but not in-
10 cluding other personal services) in connection with the
11 handling, including the purchase, sale, and exchange, of
12 securities on behalf of Federal home-loan banks, and the
13 sale, issuance, and retirement of, or payment of interest on,
14 debentures or bonds, under the Federal Home Loan Bank
15 Act, as amended, shall be considered as nonadministrative
16 expenses for the purposes hereof: *Provided further*, That
17 notwithstanding any other provisions of this Act, except for
18 the limitation in amount hereinbefore specified, the admin-
19 istrative expenses and other obligations of the Board shall
20 be incurred, allowed, and paid in accordance with the pro-
21 visions of the Federal Home Loan Bank Act of July 22,
22 1932, as amended (12 U. S. C. 1421-1449).

23 Federal Savings and Loan Insurance Corporation: Not
24 to exceed \$600,000 shall be available for administrative
25 expenses, including health-service program as authorized by

1 law (5 U. S. C. 150), which shall be on an accrual basis
2 and shall be exclusive of interest paid, depreciation, prop-
3 erly capitalized expenditures, expenses in connection with
4 liquidation of insured institutions, liquidation or handling of
5 assets of or derived from insured institutions, payment of
6 insurance, and action for or toward the avoidance, termina-
7 tion, or minimizing of losses in the case of specific insured
8 institutions, and legal fees and expenses, and said Corpora-
9 tion may utilize and may make payment for services and
10 facilities of the Federal home-loan banks, the Federal Reserve
11 banks, the Home Loan Bank Board, the Home Owners'
12 Loan Corporation, and other agencies of the Government:
13 *Provided*, That notwithstanding any other provisions of this
14 Act, except for the limitation in amount hereinbefore
15 specified, the administrative expenses and other obligations
16 of said Corporation shall be incurred, allowed, and paid in
17 accordance with title IV of the Act of June 27, 1934, as
18 amended (12 U. S. C. 1724-1730).

19 Home Owners' Loan Corporation: Not to exceed
20 ~~\$2,250,000~~ \$2,500,000 shall be available for admin-
21 istrative expenses, including health-service program as
22 authorized by law (5 U. S. C. 150), which shall
23 be on an accrual basis and shall be exclusive of in-
24 terest paid, depreciation, properly capitalized expendi-
25 tures, expenses (including services performed on a force

1 account, contract, or fee basis, but not including other
2 personal services) in connection with the acquisition,
3 protection, operation, maintenance, improvement, or disposi-
4 tion of real or personal property belonging to said Corpora-
5 tion or in which it has an interest, and legal fees and ex-
6 penses, and said Corporation may utilize and may make
7 payment for services and facilities of the Federal home-loan
8 banks, the Federal Reserve banks, the Home Loan Bank
9 Board, the Federal Savings and Loan Insurance Corpora-
10 tion, and other agencies of the Government: *Provided,*
11 *That, notwithstanding any other provisions of this Act,*
12 *except for the limitation in amount hereinbefore specified,*
13 *the administrative expenses and other obligations of said Cor-*
14 *poration shall be incurred, allowed, and paid in accordance*
15 *with the Home Owners' Loan Act of 1933, as amended*
16 *(12 U. S. C. 1461-1468) : Provided, That all right, title,*
17 *and interest of the Home Owners' Loan Corporation in the*
18 *capital stock of the Federal Savings and Loan Insurance*
19 *Corporation is hereby transferred to the Secretary of the*
20 *Treasury and the Secretary of the Treasury is authorized*
21 *and directed to cancel the capital stock bonds of the Home*
22 *Owners' Loan Corporation in par value an amount equal to*
23 *the par value of the stock of the Federal Savings and Loan*
24 *Insurance Corporation so transferred, plus accrued dividends*
25 *thereon: Provided further, That not to exceed \$5,000 of*

1 *the funds of said Corporation shall be available until June*
2 *30, 1952, for the payment of such expenses as the Chair-*
3 *man of the Home Loan Bank Board or his designee or*
4 *designees may find necessary for winding up the affairs and*
5 *effecting the dissolution of the United States Housing Corpo-*
6 *ration and the United States Housing Corporation of*
7 *Pennsylvania.*

8 Federal Housing Administration: In addition to the
9 amounts available by or pursuant to law (which shall be
10 transferred to this authorization) for the administrative ex-
11 penses of the Federal Housing Administration in carrying
12 out duties imposed by or pursuant to law, not to exceed
13 \$19,000,000 of the various funds of the Federal Housing
14 Administration as follows: (1) The mutual mortgage
15 insurance fund; (2) the housing insurance fund; (3) the
16 account in the Treasury comprised of funds derived from
17 premiums collected under authority of section 2 (f), title I
18 of the National Housing Act, as amended (12 U. S. C.
19 1701); and (4) the war housing insurance fund shall be
20 available for expenditure, in accordance with the provisions
21 of said Act for the administrative expenses of the Federal
22 Housing Administration, including not to exceed \$1,500 for
23 periodicals and newspapers; not to exceed \$1,500 for con-
24 tract actuarial services; and health-service program as author-

1 ized by law (5 U. S. C. 150) : *Provided*, That necessary
2 expenses of the Administration (including services performed
3 on a contract or fee basis, but not including other personal
4 services) in connection with the acquisition, protection, com-
5 pletion, operation, maintenance, improvement, or disposition
6 of real or personal property of the Administration acquired
7 under authority of titles I, II, and VI of said National Hous-
8 ing Act, shall be considered as nonadministrative for the
9 purposes hereof: *Provided further*, That, except as herein
10 otherwise provided, the administrative expenses and other
11 obligations, including nonadministrative expenses, of the
12 Administration shall be incurred, allowed, and paid in
13 accordance with the provisions of said Act of June 27,
14 1934, as amended (12 U. S. C. 1701).

15 Public Housing Administration: Of the amounts avail-
16 able by or pursuant to law for the administrative expenses
17 of the Public Housing Administration in carrying out duties
18 imposed by or pursuant to law including not to exceed
19 \$2,500,000 of the funds available for administrative expenses
20 for the United States Housing Act program (all of which are
21 hereby merged into a single administrative expense account) ,
22 not to exceed ~~\$9,000,000~~ \$10,000,000 shall be available for
23 such expenses subject to the provisions of section 6 (b) of
24 the Act of September 1, 1937, as amended, 42 U. S. C. 1406
25 (b) , including health-service program as authorized by law

1 (5 U. S. C. 150) : *Provided*, That the number of officers
2 and employees in classification grades 11 of the clerical,
3 administrative, and fiscal service, and 4 of the professional
4 service, and higher grades shall not exceed 20 per centum of
5 the total number of officers and employees paid from such
6 funds: *Provided further*, That necessary expenses of provid-
7 ing representatives of the Administration at the sites of non-
8 Federal projects in connection with the construction of such
9 non-Federal projects by public housing agencies with the
10 aid of the Administration, shall be compensated by such
11 agencies by the payment of fixed fees which in the aggre-
12 gate in relation to the development costs of such projects will
13 cover the costs of rendering such services, and expenditures
14 by the Administration for such purpose shall be considered
15 nonadministrative expenses, and funds received from such
16 payments may be used only for the payment of necessary
17 expenses of providing representatives of the Administration
18 at the sites of non-Federal projects or for administrative
19 expenses of the Administration not in excess of the amount
20 authorized by the Congress.

21 Liquidation of resettlement projects: Not to exceed
22 \$40,000 of the receipts derived from the operation of the
23 projects transferred under section 4 (b) of Reorganization
24 Plan Numbered 3 of 1947 shall be available for necessary
25 expenses in connection with and to facilitate disposition of

1 the suburban resettlement projects known as Greenbelt,
2 Greendale, and Greenhills including services in accordance
3 with section 15 of the Act of August 2, 1946 (5 U. S. C.
4 55a).

5 Defense Homes Corporation: Within thirty days after
6 the date of enactment hereof the Housing and Home
7 Finance Administrator shall transfer or cause to be trans-
8 ferred to the ~~Secretary of the Treasury for cancellation~~
9 *Reconstruction Finance Corporation*, without reimbursement
10 or other consideration, all of the capital stock of Defense
11 Homes Corporation, together with the stock certificates
12 evidencing the ownership of such stock. All assets and lia-
13 bilities of every kind and nature and all records of Defense
14 Homes Corporation shall be transferred, ~~within thirty days~~
15 ~~after the date of enactment hereof~~ *as of June 30, 1948*, to
16 the Reconstruction Finance Corporation, without reimburse-
17 ment or other consideration, for the purpose of liquidation
18 in an orderly manner. The Reconstruction Finance Cor-
19 poration shall proceed to liquidate the affairs of the Defense
20 Homes Corporation, including realization of the value of all
21 its assets and settlement of all its legal liabilities including
22 the existing indebtedness of Defense Homes Corporation to
23 the Reconstruction Finance Corporation. Any net proceeds
24 remaining after the payment of all obligations of Defense
25 Homes Corporation, and all administrative expenses incurred

1 in its liquidation, shall be covered into the Treasury as
2 miscellaneous receipts.

3 *Not to exceed \$3,000 of the funds available to the Hous-*
4 *ing and Home Finance Agency for expenses of travel shall*
5 *be available, when specifically authorized by the Adminis-*
6 *trator or head of the constituent agency concerned, for ex-*
7 *penses of attendance at meetings of organizations concerned*
8 *with the function or activity for which the appropriation or*
9 *authorization is made.*

10 DEPARTMENT OF AGRICULTURE

11 Federal Farm Mortgage Corporation: Not to exceed
12 \$2,000,000 (to be computed on an accrual basis) of the
13 funds of the Corporation shall be available for administra-
14 tive expenses, including employment on a contract or fee
15 basis of persons, firms, and corporations for the performance
16 of special services, including legal services, and the use of
17 the services and facilities of Federal land banks, national
18 farm loan associations, Federal Reserve banks, and agen-
19 cies of the Government as authorized by the Act of Jan-
20 uary 31, 1934 (12 U. S. C. 1020-1020h) ; and said total
21 sum shall be exclusive of interest expense, and expenses
22 in connection with the acquisition, operation, maintenance,
23 improvement, protection, or disposition of real or personal
24 property belonging to the Corporation or in which it has
25 an interest: *Provided*, That of the funds available to the

1 Corporation for administrative expenses, not to exceed
2 \$244,000 shall be available for payment to the Farm
3 Credit Administration for supervisory or other services
4 rendered: *Provided further*, That prior to June 30, 1949, not
5 less than \$68,000,000, and all additional cash funds in
6 excess of operating requirements for the fiscal year 1949,
7 shall be declared as dividends and paid into the general
8 fund of the Treasury: *Provided further*, That the aggregate
9 amount of bonds the Corporation may issue and have out
10 standing at any one time shall not exceed \$500,000,000.

11 Federal intermediate credit banks: Not to exceed
12 \$1,607,500, of which \$107,500 shall be available only for
13 liquidation of obligations incurred in the fiscal year 1948
14 (to be computed on an accrual basis), of the funds of the
15 banks shall be available for administrative expenses, includ-
16 ing the purchase of not to exceed five passenger motor
17 vehicles for replacement only, services performed for the
18 banks by other Government agencies (except services per-
19 formed by the banks for cooperatives in connection with
20 loans to cooperative associations rediscounted or pledged
21 with the Federal intermediate credit banks, and services
22 performed by any Federal Reserve bank and by the United
23 States Treasury in connection with the financial transactions
24 of the banks); and said total sum shall be exclusive of
25 interest expense, legal and special services performed on a

1 contract or fee basis, and expenses in connection with the
2 acquisition, operation, maintenance, improvement, protec-
3 tion, or disposition of real or personal property belonging
4 to the banks or in which they have an interest: *Provided*,
5 That of the funds available to the banks for administrative
6 expenses, not to exceed ~~\$373,600~~ \$223,600, of which
7 \$80,000 shall be available only for liquidation of obligations
8 incurred in the fiscal year 1948, shall be available for pay-
9 ment to the Farm Credit Administration for supervisory or
10 other services rendered.

11 Production credit corporations: Not to exceed
12 ~~\$1,350,000~~ \$1,500,000 (to be computed on an accrual basis)
13 of the funds of the corporations shall be available for adminis-
14 trative expenses, including the purchase of not to exceed three
15 passenger motor vehicles (for replacement only), services
16 performed for the corporations by other Government
17 agencies; and said total sum shall be exclusive of interest ex-
18 pense, legal and special services performed on a contract or
19 fee basis, and expenses in connection with the acquisi-
20 tion, operation, maintenance, improvement, protection,
21 or disposition of real or personal property belonging
22 to the corporations or in which they have an interest:
23 *Provided*, That of the funds available to the corporations for
24 administrative expenses, not to exceed \$232,000 shall be
25 available for payment to the Farm Credit Administration

1 for supervisory or other services rendered: *Provided*, That
2 prior to June 30, 1949, the corporations shall return Gov-
3 ernment capital aggregating not less than ~~\$60,000,000~~
4 ~~\$20,000,000~~ to the Treasury of the United States to be
5 carried to the surplus fund and covered into the Treasury,
6 and the Governor of the Farm Credit Administration is
7 authorized and directed to cancel the capital stock of the
8 corporations in par value amount equal thereto.

9 Regional Agricultural Credit Corporation of Washing-
10 ton, District of Columbia: Not to exceed ~~\$46,800~~ ~~\$146,800~~
11 (to be computed on an accrual basis) of the funds of the
12 Corporation shall be available for administrative expenses,
13 including supervision and examination by the Farm Credit
14 Administration and services performed for the Corporation
15 by other Government agencies; and said total sum shall
16 be exclusive of interest expense, legal and special services
17 performed on a contract or fee basis, and expenses in con-
18 nection with the acquisition, operation, maintenance, im-
19 provement, protection, or disposition of real or personal
20 property belonging to the Corporation or in which it has
21 an interest: *Provided*, That no other funds shall be avail-
22 able for administrative expenses of the Corporation: *Pro-*
23 *vided further*, That of the funds available to the Corporation
24 for administrative expenses, not to exceed ~~\$12,500~~ ~~\$21,000~~

1 shall be available for payment to the Farm Credit Adminis-
2 tration for supervisory or other services rendered: *Provided*
3 *further*, That \$12,000 additional of the funds available for
4 administrative expenses, fiscal year 1948, shall be available
5 for payment to the Farm Credit Administration for supervisory
6 or other services rendered: *Provided further*, That, for the
7 fiscal year 1949, the revolving fund in the Treasury of the
8 United States created by section 84 of the Act of June 16,
9 1933 (12 U. S. C. 1148a), for investment in any regional
10 agricultural credit corporation shall be available only in
11 the amount of \$25,000,000: *Provided further*, *That*, not-
12 *withstanding any provisions of law to the contrary*, in addi-
13 *tion to the foregoing the Corporation is authorized to utilize*,
14 *from the revolving fund created by section 84 of the Farm*
15 *Credit Act of 1933 (12 U. S. C. 1148a)*, such sums as
16 *may be necessary (a) to make loans, during a period of*
17 *five years, to bona fide fur farmers in accordance with the*
18 *provisions of section 201 (e) of the Emergency Relief and*
19 *Construction Act of 1932, as amended (12 U. S. C. 1148)*,
20 *the aggregate principal amount of which loans shall not*
21 *exceed \$4,000,000 outstanding at any one time, and (b)*
22 *not to exceed \$50,000 for administrative expenses of the*
23 *Corporation and the Farm Credit Administration in con-*
24 *nection with such loans.*

DEPARTMENT OF COMMERCE

1
2 Inland Waterways Corporation: Not to exceed
3 \$498,800 shall be available for administrative expenses, to
4 be determined in the manner set forth under the title
5 "General expenses" in the Uniform System of Accounts for
6 Carriers by Water of the Interstate Commerce Commission
7 (effective January 1, 1947) for water operations, and in the
8 manner set forth under the title "Operating expense
9 accounts—general" in the Uniform System of Accounts for
10 Steam Railroads of the Interstate Commerce Commission
11 (issue of 1943) for railroad operations: *Provided*, That no
12 funds shall be used to pay compensation of employees nor-
13 mally subject to the Classification Act of 1923, as amended,
14 at rates in excess of rates fixed for similar services under the
15 provisions of the Classification Act, as amended, nor to pay
16 the compensation of vessel employees and such terminal and
17 other employees as are not covered by the Classification
18 Act, at rates in excess of rates prevailing in the river trans-
19 portation industry in the area: ~~*Provided further*, That the~~
20 ~~Corporation is authorized to pay not to exceed \$3,918.48~~
21 ~~for services actually rendered by eighteen of its former em-~~
22 ~~ployees during the fiscal year 1947 and for which there is~~
23 ~~no present authority to pay.~~

DEPARTMENT OF THE INTERIOR

VIRGIN ISLANDS COMPANY

There is hereby appropriated, out of any funds in the Treasury not otherwise appropriated, the sum of \$500,000 to the Secretary of the Treasury, to be made available by him, as a loan, to The Virgin Islands Company, upon request of the President of the Company, for the purpose of enabling the Company to continue its present operations until June 30, 1949. The loan shall bear interest at a rate to be determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of the loan to the Company.

DEPARTMENT OF JUSTICE

Federal Prison Industries, Incorporated: Not to exceed \$302,000, of which \$35,000 shall be available only for liquidation of obligations incurred in the fiscal year 1948 (to be computed on an accrual basis), of the funds of the Corporation shall be available during the fiscal year 1949 for its administrative expenses, which shall be determined in accordance with the Corporation's prescribed accounting system in effect on July 1, 1946, and shall be exclusive of

1 depreciation, vocational training expenses, payment of claims,
2 expenditures which the said accounting system requires to
3 be capitalized or charged to cost of commodities acquired or
4 produced, including selling and shipping expenses, and ex-
5 penses in connection with acquisition, construction, opera-
6 tion, maintenance, improvement, protection, or disposition of
7 facilities and other property belonging to the Corporation or
8 in which it has an interest: *Provided, That funds of the*
9 *Corporation shall be available, in amounts not to exceed*
10 *\$338,000 during the fiscal year 1948 and \$380,000 during*
11 *the fiscal year 1949, for expenses of vocational training of*
12 *prisoners as authorized by the Act of May 11, 1948 (Public*
13 *Law 521), such expenses to be computed and determined*
14 *on the same basis and with the same exclusions (except voca-*
15 *tional training expenses) as provided herein with respect to*
16 *administrative expenses.*

17 DEPARTMENT OF STATE

18 The Institute of Inter-American Affairs: Not to exceed
19 \$490,000 of the funds available to the Corporation shall be
20 available during the fiscal year 1949 for its administrative
21 expenses, including administrative services performed for the
22 Corporation by other Government agencies.

TITLE III

GENERAL PROVISIONS

SEC. 301. Funds made available by this Act for administrative expenses shall be available, in addition to objects for which such funds are otherwise available, for personal services and rent in the District of Columbia; printing and binding; examination of budgets and estimates of appropriations in the field; travel expenses in accordance with the Standardized Government Travel Regulations, the Subsistence Expense Act of 1926, as amended (except as to per diem rates outside continental United States) and the Act of February 14, 1931, as amended (5 U. S. C. 73a); for the objects specified under the head "General provisions" in title II of the Independent Offices Appropriation Act, 1949, all the provisions of which title unless otherwise specified in this Act, shall be applicable to the expenditure of such funds; and services in accordance with section 15 of the Act of August 2, 1946 (5 U. S. C. 55a) : *Provided*, That in the event any functions budgeted as administrative expenses are subsequently transferred to or paid from other funds, the limitations on administrative expenses herein provided shall be correspondingly reduced.

1 SEC. 302. No part of any funds of or available to any
2 wholly owned Government corporation shall be used for the
3 purchase or construction, or in making loans for the purchase
4 or construction of any office building at the seat of govern-
5 ment primarily for occupancy by any department or agency
6 of the United States Government or by any corporation
7 owned by the United States Government.

8 SEC. 303. Funds of the corporations and agencies cov-
9 ered by the provisions of this Act shall be available for
10 payment of claims pursuant to section 403 of the Federal
11 Tort Claims Act (28 U. S. C. 921).

12 SEC. 304. Any funds of, or available for expenditure
13 by, any corporation or agency included in this Act, which
14 are not subject to audit by the General Accounting Office
15 under the provisions of the Government Corporation Control
16 Act (31 U. S. C. 841-869) or other law, shall be accounted
17 for and audited in accordance with the Budget and Account-
18 ing Act, as amended, and no such fund shall be obligated or
19 expended unless and until an appropriate appropriation
20 account shall have been established therefor pursuant to an
21 appropriation warrant or a covering warrant: *Provided*, That
22 this section shall not be so construed as to modify or repeal

1 any provision of any other law respecting warranting, ac-
2 counting for, and auditing of funds.

3 SEC. 305. After the date of enactment hereof the salaries
4 of the Governor of the Farm Credit Administration and
5 the Housing and Home Finance Administrator shall be at
6 the rate of \$12,000 per annum.

7 SEC. ~~306~~ 305. No part of the funds of, or available for
8 expenditure by, any corporation or agency included in this
9 Act shall be used to pay the salary or wages of any person
10 who engages in a strike against the Government of the
11 United States or who is a member of an organization of
12 Government employees that asserts the right to strike against
13 the Government of the United States, or who advocates, or
14 is a member of an organization that advocates, the overthrow
15 of the Government of the United States by force or vio-
16 lence, or who is a member of any labor organization the offi-
17 cers of which have not complied with the requirements of sub-
18 section (h) of section 9 of the National Labor Relations Act,
19 as amended by the Labor-Management Relations Act, 1947:
20 *Provided*, That for the purposes hereof an affidavit shall be
21 considered prima facie evidence that the person making the
22 affidavit has not contrary to the provisions of this section

1 engaged in a strike against the Government of the United
2 States, is not a member of an organization of Government
3 employees that asserts the right to strike against the Govern-
4 ment of the United States, or that such person does not ad-
5 vocate, and is not a member of an organization that advocates,
6 the overthrow of the Government of the United States by
7 force or violence,—or that such person is not a member of any
8 labor organization the officers of which have not complied
9 with the requirements of subsection (h) of section 9 of the
10 National Labor Relations Act, as amended by the Labor-
11 Management Relations Act, 1947: *Provided further*, That
12 any person who engages in a strike against the Government
13 of the United States or who is a member of an organization
14 of Government employees that asserts the right to strike
15 against the Government of the United States, or who ad-
16 vocates, or who is a member of an organization that
17 advocates, the overthrow of the Government of the United
18 States by force or violence,—or who is a member of any labor
19 organization the officers of which have not complied with
20 the requirements of subsection (h) of section 9 of the
21 National Labor Relations Act, as amended by the Labor-
22 Management Relations Act, 1947, and accepts employment
23 the salary or wages for which are paid from any funds avail-
24 able to any corporation or agency included in this Act shall
25 be guilty of a felony, and upon conviction, shall be fined not

1 more than \$1,000 or imprisoned for not more than one year,
2 or both: *Provided further*, That the above penalty clause
3 shall be in addition to, and not in substitution for, any other
4 provisions of existing laws.

5 SEC. ~~307~~ 306. This Act may be cited as “The Govern-
6 ment Corporations Appropriation Act, 1949”.

Passed the House of Representatives May 11, 1948.

Attest:

JOHN ANDREWS,

Clerk.

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

MAY 12 (legislative day, May 10), 1948

Read twice and referred to the Committee on
Appropriations

JUNE 12 (legislative day, June 1), 1948

Reported with amendments

16. GOVERNMENT CORPORATIONS APPROPRIATION BILL. In reporting this bill (see Digest 107), the Appropriations Committee made the following amendments, among others:
- Reduced from \$373,600 to \$223,600 the amount which may be paid to FCA by Federal Intermediate Credit Banks for supervisory or other services.
- Increased the amount for administrative expenses of production credit corporations from \$1,350,000 to \$1,500,000.
- Reduced from \$60,000,000 to \$20,000,000 the amount of production credit corporations capital which must be returned to the Treasury.
- Provided \$150,000 additional to the RACC for administrative expenses. The committee report states that \$100,000 of this was included in view of the amendment to the Agricultural Appropriation Bill regarding reentry of the corporation in an area where an economic emergency or production disaster has occurred, and \$50,000 was included in view of inclusion of language authorizing fur-farmer loans.
- Struck out the language which would increase the salary of the FCA Governor to \$12,000. The committee report states, "It is the judgment of the committee that such provisions should not be included in appropriation bills. Furthermore there is a bill pending before the Congress dealing with the salary scale of all Federal employees." Began debate on this bill (pp. 8388-93).
17. ADMINISTRATIVE PROCEDURE; SUGAR. In reporting S. 2755 (see Digest 105), the Judiciary Committee amended the bill to strike out the provision exempting actions under the Sugar Control Extension Act of 1947 from certain provisions of the Administrative Procedure Act.
18. INDIAN RELIEF. In reporting S. 2686 (see Digest 107), the Interior and Insular Affairs Committee amended the bill, which would establish a Navajo-Hopi Indian Administration for rehabilitation of these Indians, by striking out the provisions which would transfer extension functions to the Extension Service and Forestry functions to the Forest Service.
19. INTERIOR APPROPRIATION BILL. In reporting this bill (H. R. 6705; see Digest 107), the Appropriations Committee increased Reclamation Bureau \$27,647,958 and Bureau of Land Management \$668,135. The total increase over the House figure was \$46,486,507, of which \$11,343,000 was in supplemental estimates not before the House. Passed this bill with amendments (pp. 8369-88). Senate conferees appointed (p. 8388). House conferees not yet appointed.
20. FOREIGN AID APPROPRIATION BILL. In reporting this bill, the Appropriations Committee increased the 12-months purchasing power of ECA by \$1,175,000,000 (pp. D646, 8355).
21. APPROPRIATIONS. Received from the President supplemental appropriation estimates for this Department for the fiscal year 1949 as follows: (1) Foot-and-mouth disease research facilities, \$5,500,000, as the first increment of a total of \$30,000,000 for the establishment of such facilities; (2) \$4,800,000, flood damage repairs to national forest improvements and facilities in Ore., Wash., Idaho, and Mont.; (3) and \$492,000 for Federal cooperation in control of golden nematode in potato and tomato producing areas (S.Doc. 174) (p. 8349).
- Received from the President a supplemental appropriation estimate for 1949 for \$31,800,000 to finance the selective service program to be established by legislation now pending (S.Doc. 175) (p. 8349).
- Received from the President a supplemental appropriation estimate for \$2,393,458.55 for the payment of claims of the several executive departments and independent offices (S.Doc. 177) (p. 8349).
- Received from the President a supplemental appropriation estimate for 1949

\$15,000,000 for Federal Works Agency and a proposed contract authorization in the amount of \$10,000,000 (S.Doc. 176) (p. 8349).

22. FOREIGN TRADE. Passed, 70-18, with amendments H.R. 6556, to extend the Trade Agreements Act (pp. 8306-49). As passed the bill is the version which was reported by the Finance Committee (see Digest 104) with the following amendments which were adopted on the floor: (1) To extend the act from June 12, 1948, to June 30, 1949; (2) changing the phrase "domestic producers" to "domestic industry producing like or similar articles"; (3) enabling President to proceed with trade-agreement negotiations if the Tariff Commission has not reported within 120 days; and (4) technical perfecting amendment relating to list of items submitted by President for possible modification of duties.

Rejected three amendments by Sen. Barkley, Ky., as follows: (1) To extend act until June 30, 1951, 41-48; (2) to extend act until June 30, 1950, 42-47; and (3) to extend act for 1 year in present form, 43-46 (pp. 8347-8).

Sens. Millikin, Taft, Butler, Barkley, and Connally were appointed conferees (p. 8348). House conferees not yet appointed.

23. FARM PROGRAM. S. 2318, the long-range farm program bill was made the unfinished business (pp. 8362, 8393). Sen. Brewster, Maine, submitted for himself and Sens. White (Maine), Dworshak (Idaho), Johnson (Colo.), and Downey (Calif.) amendments which they intend to propose to S. 2318 (p. 8353).

24. ARMY CIVIL FUNCTIONS APPROPRIATION BILL, 1949. Agreed to the conference report on this bill, H.R. 5524 (pp. 8358-62). This bill will now be sent to the President.

25. D.C. APPROPRIATION BILL, 1949. Agreed to the conference report on this bill, H.R. 6430 (pp. 8356-7). This bill will now be sent to the President.

26. FLOOD CONTROL. Both Houses appointed conferees on H.R. 6419, the Rivers and Harbors and Flood Control bill for 1948 (pp. 8214, 8355).

BILLS INTRODUCED

27. PRICE CONTROL. H.R. 6918, by Rep. Isacson, N.Y., to prevent further price increases and to reduce present prices to price levels consistent with a stable economy, and to allocate and control production and distribution to the extent necessary to distribute equitably commodities in short supply and to maintain stable prices. To Banking and Currency Committee. (p. 8305.) Remarks of author (pp. A4056-8).

28. FEDERAL SALARIES. H. R. 6917, by Rep. Rees, Kans., to provide a temporary increase in the compensation of officers and employees of the Federal Government and of D.C. municipal government. To Post Office and Civil Service Committee. (p. 8305.) See Item 6.

29. COMMITTEES. H.Con.Res. 217, by Rep. Carroll, Colo., to establish fair hearing procedures for congressional investigating committees. To Rules Committee. (p. 8305.)

30. AGRICULTURAL COMMODITIES. H.R. 6869 (see Digest 105) amends the Perishable Agricultural Commodities Act so as to include as perishable agricultural commodities cherries in brine and floricultural products as defined in accordance with trade usages.

31. RECLAMATION. S. 2858, by Sen. Cain, Wash., to establish a reclamation project

H. R. 6481

IN THE SENATE OF THE UNITED STATES

JUNE 14 (legislative day, JUNE 1), 1948

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. LUCAS to the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes, viz:

1 On page 3, line 7, strike out the figure "\$4,840,000"
2 and insert "\$6,200,000".

3 On page 3, strike out the proviso beginning on line 20
4 and ending on line 1, page 4, which reads as follows: "*Pro-*
5 *vided further*, That no part of this appropriation shall be
6 used to pay any public housing agency any contribution
7 occasioned by payments in lieu of taxes in excess of the
8 amount specified in the original contract between such agency
9 and the Public Housing Administration or its predecessor
10 agencies".

AMENDMENTS

Intended to be proposed by Mr. Lucas to the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

JUNE 14 (legislative day, JUNE 1), 1948

Ordered to lie on the table and to be printed

Philadelphia & Reading Coal & Iron Co. by the Cass Coal Co., on December 7, 1946, after the offer to purchase was refused by the Mount Carmel Borough. This area is presently not affected by the fire, but may at any time become ignited.

On October 15, 1947, in order to afford temporary relief from the fumes which have been permeating homes in the vicinity of Fourth and Pine Streets, the Penn Construction Co. commenced filling the abandoned strip cut where the coal is exposed in an effort to seal the openings and supposedly smother the fire.

The expense is being borne jointly by the borough and the county; however, due to limited funds it is doubtful whether the purpose will be accomplished, since to completely fill the void it is estimated that an expenditure of approximately \$120,000 would be necessary.

In conjunction with the back-filling operations which are still in progress, it is also proposed to well-drill the area south and west of the fire area with the expectation of slushing the voids in the old workings, as shown on the mine map, to prevent the spread to valuable deposits still unmined.

It is the opinion of experienced mining men of the area and the Federal investigators that the only successful manner to combat this fire and to prevent its spread and ultimate destruction of thousands of tons of coal is to isolate the fire by uncovering and extracting the vein material, then back-filling the voids with noncombustible clay or other inert material.

A preliminary estimate of the cost of isolating the fire by means of two stripping cuts is as follows:

Handling 333,000 cubic yards clay and top rock-----	\$175,000
34,000 gross tons of coal-----	34,000
Total cost of excavation-----	209,000
Cost of back-filling-----	20,000
Total-----	229,000
Estimated yield from coal-----	137,000

Estimated cost of work----- 92,000

Accompanying photographs and maps show the location and extent of the fire.

RECOMMENDATION

1. Work should commence immediately toward the absolute elimination of the fire by stripping and back-filling with incombustible material.

ACKNOWLEDGMENT

The writers wish to acknowledge the courtesies extended and information given by Robert W. Weary, county engineer; Harry W. Jones, Mount Carmel Borough engineer; and the State mine inspectors of the area.

Respectfully submitted,

CHAS. F. WEBER,
W. S. ELTRINGHAM,
Coal-Mine Inspectors.

Mr. MYERS. Mr. President, I am very pleased that the Senate has added \$2,500,000 for synthetic liquid fuels, to bring this item up to the full budget amount of \$9,750,000. As the Senate committee report points out, the House cut would prevent the Government from reimbursing the Koppers Co. for work it has already performed in connection with the synthetic-fuels program already under way. The new plant which the Government has just constructed near Pittsburgh, and which the Senator from Wyoming [Mr. O'MAHONEY] dedicated recently, marks a great step forward in our goal to assure adequate fuel supplies in coming years by converting some of our vast deposits of coal into liquid fuel.

Along the same lines, I wish to express my support of the secondary oil-recovery program provided for in this bill because it will help to make certain that our oil wells in western Pennsylvania and elsewhere will not be abandoned prematurely, with a tremendous wastage of oil which would be lost to us forever. Last year the Congress foolishly cut this item, as it did the synthetic-liquid-fuels program, only to discover that the economy involved in such cuts was false economy. Enabling legislation, in several cases not even necessary, was subsequently rushed through to make it look as if the Congress recognized all along the value and necessity of these programs which the same Congress had previously so brutally cut. I trust the lesson has been learned.

I should like to make one more reference which I consider appropriate, and it is to the gaging streams funds of the Geological Survey. Last year the House cut this activity out completely before learning much about it. The Senate helped to save part of the appropriation. I should like to insert at this point in the RECORD the statement I delivered before the Senate Appropriation Committee last year in reference to this item.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY UNITED STATES SENATOR FRANCIS J. MYERS, OF PENNSYLVANIA, BEFORE THE SENATE APPROPRIATIONS COMMITTEE, 1947, IN RE 1948 INTERIOR FUNDS FOR GROUND WATER INVESTIGATIONS, GEOLOGICAL SURVEY

Stopping this activity, as proposed by the House, at a so-called saving of \$845,000 is another example of irresponsible "economy" at the expense of normal traditional, necessary functions of Government. The House committee, in its wisdom, has proclaimed that this work is "not justified" and should be done by the States.

Mr. Chairman, shall we leave weather forecasting to the States? This proposal is no less nonsensical.

The Geological Survey has the trained manpower—which the States do not—and the equipment—which the States do not—to do a vast research job with little expense. In Pennsylvania, for instance, this function costs the Federal Government only about \$15,000 a year which the State matches dollar for dollar, and together this sum represents the total working capital on a job which saves the Federal Government untold thousands of dollars in water costs at the Philadelphia Navy Yard alone.

In addition, the service provides Pennsylvania cities and industries with scientific data on underground water which is of vital importance.

Stopping the program now would bring to an abrupt end studies which have been going on since 1931 on water-level fluctuations in observation wells, studies essential in predicting future availability of ground water. In recent years the service has aided numerous communities in Pennsylvania to obtain essential data on their own ground water supplies. A major cooperative program is now underway with Philadelphia and another with Pittsburgh. Both would stop.

The Philadelphia Planning Commission has urged me to enlist the committee's aid in restoring the appropriation, pointing out that without the essential data the city would be handicapped enormously in completion of plans for the industrial development of Philadelphia and its metropolitan area. The study now under way, this Commission informs me, will be extremely valuable to industries seeking locations in or near Philadelphia, indus-

tries which require ground water for numerous reasons, chiefly involving chemical content of the water.

Should this work end now, the Philadelphia Commission reports, the money the city has already spent in behalf of the work would be money thrown away since no other agency exists to do the technical work.

The members of this subcommittee, I am sure, already know of the importance of the ground water work in their own States, and, I think, will agree with me on the necessity for restoration of this very modest appropriation, modest in terms of the valuable services it brings to all of our people, and particularly to industry and to tax-supported agencies.

May I say in conclusion, after this very lengthy presentation, that I was amazed to find, in looking into the matters in this bill which I have discussed, how very diverse and important are many little-known functions of the Government in our own States.

The action of the House committee in cutting the Interior Department funds so substantially has brought home to me, and I think to many Senators, the real service we do receive from a host of Federal agencies providing technical and research assistance, agencies which go about their work quietly and unostentatiously and which we seldom appreciate until we are on the verge of having their functions eliminated.

Mr. MYERS. Mr. President, the House this year, although not eliminating the item as it did last year, cut the budget for gaging streams by about \$500,000, a cut which the Senate committee has wisely voted to restore. In that connection, I ask unanimous consent to have inserted at this point in the RECORD a letter I received a few days ago from I. P. Davis, technical superintendent of the American Viscose Corp., at Marcus Hook, Pa., reporting that firm's experience with this work of the Geological Survey, which he credits with helping the corporation to avoid sudden shut-downs which would have thrown out of work more than 2,000 employees, and halted production of textile materials in short supply.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN VISCOSE CORP.,
Marcus Hook, Pa., June 2, 1948.

HON. FRANCIS MYERS,
Senator From Pennsylvania,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MYERS: I am writing you in reference to an outstanding service which has been performed by the Division of Surface Water, Geological Survey, United States Department of the Interior, in its activity in gauging streams.

The Marcus Hook plant of American Viscose Corp., the oldest rayon-producing plant in America, and the first rayon plant to receive the Army-Navy "E" in the late war, is situated on tidewater of the Delaware River. When the river flow decreases, due to dry weather in summer, or an ice jam in winter, the deficiency is replaced by sea water, the salt content of which makes the production of rayon impossible.

With adequate warning, steps can be taken to operate evaporating and demineralizing equipment to remove the offending impurity. Should the salt appear without warning, however, we would be in grave danger of finding operation impossible, throwing our over 2,000 employees out of work, and contributing further to the shortage of textile materials and inflation in general.

To receive such warning, Mr. O. W. Hartwell, district engineer, United States Geological Survey, at Trenton, N. J., has been supplying us daily with the volume of Delaware River flow at Trenton. Based on past experience, we can from these flows anticipate the possibility of salt water and take proper steps to avoid an economic catastrophe to our company and employees.

I hope that you will see fit to bring these facts to the attention of those who evaluate the work of the above-mentioned division.

Very truly yours,

I. P. DAVIS,
Technical Superintendent.

The PRESIDING OFFICER. The bill is still before the Senate and open to further amendment. If there be no further amendments to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 6705) was read the third time and passed.

Mr. WHERRY. I move that the Senate insist upon its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. WHERRY, Mr. GURNEY, Mr. BALL, Mr. CORDON, Mr. HAYDEN, Mr. THOMAS of Oklahoma, and Mr. O'MAHONEY conferees on the part of the Senate.

APPROPRIATIONS FOR GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES, 1949

Mr. WHERRY. Mr. President, several Senators have asked how long it is proposed that the Senate shall continue in session tonight. If it meets with the approval of the Senate, I shall ask that the Senate continue in session until 10 o'clock. It is proposed that the bill providing appropriations for Government corporations and independent executive agencies shall now be considered. If action on that bill cannot be completed by 10 o'clock tonight it is proposed to ask that it go over until tomorrow. The chairman of the subcommittee, the Senator from Michigan [Mr. FERGUSON], is very optimistic, however, and feels that the Senate may be able to conclude action on the bill within an hour. If the Senate can conclude action on the bill within that time, I think it should be done, because it is important that that bill, as well as the one on which we have just completed action, shall go to conference tomorrow in order that the conferees representing both Houses may iron out the differences which exist between the two Houses.

Mr. BARKLEY. Mr. President, I think that is a reasonable suggestion, and I am sure Senators will stay here until 10 o'clock to see if we cannot complete action on the bill.

Mr. WHERRY. I thank the Senator.

Mr. FERGUSON. House bill 6481, making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes, was reported to the Senate on last Saturday.

The committee has given careful consideration to the many requests for changes in the bill as approved by the House. Few changes have been made in the House bill. In most instances the House made minor reductions in the amounts for administrative expenses which should result in no impairment of functions should the administrative officials make a sincere effort to cooperate with the Congress in its desire for reduced expenditures.

The following summary gives the amounts provided for in the bill and other comparisons:

APPROPRIATIONS	
Amount of bill as passed by House-----	\$37,979,061
Amount of bill as recommended by the Senate committee-----	42,062,061
Net increase over the House bill-----	4,083,000
House allowance under budget estimates by-----	16,665,039
Senate committee allowance under budget estimates by-----	12,582,039
ADMINISTRATIVE EXPENSE AUTHORIZATIONS	
Amount of bill as passed by House-----	\$68,933,600
Amount of bill as recommended by Senate committee-----	70,483,100
Net increase over the House bill-----	1,549,500
House allowance under budget estimates by-----	6,357,000
Senate committee allowance under budget estimates by-----	4,807,500

¹Includes \$5,000,000 contract authorization requested but denied by committee.

TVA STEAM PLANT

It will be noted that the appropriations in the bill as approved by the committee exceed those of the House bill by \$4,083,000. This difference is largely accounted for by an allowance of a request for an appropriation of \$4,000,000 to the Tennessee Valley Authority, with which to undertake the construction of a steam power plant at New Johnsonville, Tenn.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. REVERCOMB. I am very much interested in this item. I hope the Senate will pay special attention to it. The subject of the Tennessee Valley Authority and its activities is being investigated at this time. Extensive hearings have already been held, and further hearings will be held upon the activities of the Tennessee Valley Authority.

It occurs to me that before we initiate expansion of that activity into an entirely new field, the generation of electricity through steam power plants, it would be very well, and I might say wise, for the Congress to wait until we see what the situation is before we appropriate \$4,000,000 to start a new activity there. In other words the Public Works Committee of the Senate, which deals legislatively with the Tennessee Valley Authority is holding hearings at this time. Those hearings will continue. At the

next session of the Congress the committee will be ready to report upon its findings with respect to the activities of the Tennessee Valley Authority, and make recommendation concerning its activities.

Therefore I point out to the Senator that we would be starting upon an entirely new effort if construction of a stand-by and auxiliary steam plant is begun for the generation of electricity in the midst, I might say, of that inquiry. I suggest the thought that it might be quite the better part of wisdom to wait until the investigation and inquiry have been concluded before proceeding with an appropriation for a new endeavor.

Mr. FERGUSON. Of course, the chairman of the subcommittee is in the awkward position of coming to the floor with a report containing one item, the \$4,000,000 just referred to, which he was against in the subcommittee, and again in the full committee. I agree with the Senator from West Virginia that it is ill-advised to start the expenditure on this steam plant, which will cost \$54,000,000 when completed, and will cost in addition about \$30,000,000 for lines and equipment, a total expenditure of from \$83,000,000 to \$84,000,000. This item represents merely the breaking of the ground. As I said, I am in the awkward position of coming here and presenting the bill, but having voted against the particular item now being discussed.

Mr. THYE. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. THYE. I should like to ask the Senator a question. Is the steam plant for the purpose of firming up the TVA generating units, or is it to level off so-called high-peak generating capacity of the TVA units.

Mr. FERGUSON. I think the evidence demonstrates that this plant will be used for future development in the Tennessee Valley. I am satisfied that the evidence shows that to be so. In other words, it is anticipated that next year there will come into this valley a number of industries, and the year after that, an additional number, and so on.

Mr. THYE. In view of the fact that the Senator says industries will be there, it simply means that there is no limit to what the demand will be if a steam-generating plant is built today. If the load is built up to the capacity of the TVA unit, plus the steam plant, it will be only a matter of a few years when the TVA authorities will come back and say the Government must build additional generating units in order to supply the demand that has been built up because the current was not available in sufficient amount.

I should say, Mr. President, that we are venturing upon a very dangerous precedent so far as the United States going into the business of erecting steam generating plants to generate current is concerned, because I can readily see that hydroelectric plants in connection with the impounding of water to control floods are a sound practice of Government; but when we go into steam generating plants

to supplement that power, then I say the Government is going into business.

Mr. BALDWIN. Mr. President, may I ask if the bill is now open to amendment?

The PRESIDING OFFICER (Mr. WILLIAMS in the chair). The bill is not yet before the Senate.

Mr. BALDWIN. I desire at the proper time to offer an amendment pertaining to this particular item which would strike out, on page 2, line 11, "\$25,689,000" and restore the original figure; and in line 13, to strike out the words "one steam plant at New Johnsonville, Tenn."

I wish to associate myself with the remarks of the Senator from Minnesota. I think it would be better to discuss the subject when the amendment is before the Senate.

Mr. EARKLEY. Mr. President, I may say for the benefit of the Senator from Connecticut that it is not necessary to move to strike out those items. They are in the bill by way of committee amendment, and the Senate can pass on the question by voting the committee amendments up or down.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. McKELLAR. The Senator from Minnesota stated a while ago that the evidence showed that this power had reached its limit, and that the proposed appropriations were not for firming-up purposes. I differ with the Senator. All the evidence showed that it was for firming-up purposes. There is an immense amount of power produced by water from several rivers—the Tennessee, the Cumberland, and several smaller rivers tributary to those streams. Such a large amount of water power necessarily must be firmed-up by power manufactured by a steam plant.

Mr. THYE. Mr. President, will the Senator from Tennessee yield for a question?

Mr. McKELLAR. I have not the floor.

Mr. FERGUSON. I yield to the Senator from Minnesota.

Mr. THYE. How many months out of the year is there water power going to waste because it is not possible in any sense to burden the unit with a load which would consume the current generated at the maximum generating period of water flow? How much actual water power is lost because there is no stand-by steam plant to take up the slack period?

Mr. McKELLAR. The slack period occurs in the fall of the year, when there is a very great lack of water power, and it is necessary to have steam power. It must be remembered that the private companies owned their own plants in Tennessee, just as they did in every other State. They voluntarily sold their private plants, both water plants and steam plants, to the Tennessee Valley Authority. They have their money, and they have departed from Tennessee. They do not now own plants in Tennessee. They have no plants of any kind, either water power or steam plants. All facilities are owned by the Tennessee Valley Authority. By voluntary act of the pri-

vate power companies in Tennessee, they have all sold their properties. It is one concern. The Tennessee Valley Authority owns all the facilities. The sale was made entirely voluntarily. The private companies sold out at a big price—several hundred million dollars. The Government furnished the money to pay for those plants, and the power companies received the money.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. CAPEHART. To whom did they sell?

Mr. McKELLAR. To the Tennessee Valley Authority.

Mr. CAPEHART. In other words, to the Federal Government?

Mr. McKELLAR. The Federal Government.

Mr. CAPEHART. The Federal Government really ran them out of business.

Mr. McKELLAR. No; it did not. It depends on the way the Senator looks at it. The people of Tennessee do not look at it that way. There is a wonderful establishment down there.

Mr. THYE. Mr. President—

Mr. HATCH. Mr. President, appoint of order.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LUCAS. May I inquire what is before the Senate?

The PRESIDING OFFICER. The unfinished business is the bill (S. 2318) to provide for a coordinated agricultural program.

Mr. LUCAS. Then what are we talking about?

The PRESIDING OFFICER. Senators are discussing House bill 6481, which the Senator from Michigan [Mr. FERGUSON] has not asked to have considered by the Senate.

Mr. THYE. Mr. President, will the Senator from Michigan yield to me?

Mr. LUCAS. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LUCAS. Is it in order to get something before the Senate before we discuss it?

The PRESIDING OFFICER. The Chair is of the opinion that the Senator from Michigan is in process of asking for the consideration of House bill 6481.

Mr. FERGUSON. Mr. President, in order that we may have something before the Senate for consideration, I move that the Senate proceed to the consideration of House bill 6481, making appropriations for Government corporations and independent executive agencies.

The PRESIDING OFFICER. Without objection, the motion is agreed to.

The Senate proceeded to consider the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. FERGUSON. Mr. President, I think we might consider the first committee amendments.

Mr. THYE. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield to the Senator from Minnesota.

Mr. THYE. In order that my remarks to the senior Senator from Tennessee may not be misunderstood, I wish to say that I fully agree with him on the question of flood control and the hydroelectric units in connection with the impounding of water for flood control. I have been over the TVA project by plane, and have attempted to acquaint myself with the entire project. It is most commendable.

Mr. McKELLAR. I am very glad the Senator has done so.

Mr. THYE. Another question comes to mind. When we commence to talk about supplementing a so-called flood-control electric-power project with steam, we are going in business as a Federal Government; and I must know definitely in my own mind, in order that I may make my position clear, whether we are attempting to firm up a unit in order to make it more economically sound, or whether we are merely trying to generate current to take care of an anticipated industrial demand. If we are trying to supplement power created by Muscle Shoals or TVA to supply industrial demands, then I say that I cannot go along with the Senator, because that is putting the Government into business.

Mr. McKELLAR. I can understand the Senator's position.

Mr. HILL. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. HILL. If I may have the attention of the Senator from Minnesota, the Senator has asked a very appropriate question. I invite his attention to the testimony of Mr. Clapp, Chairman of the Board of TVA, in which Mr. Clapp stated:

We have reached a point where, to get the most out of the hydro installations that we have been putting in in these last years, steam capacity is necessary to help firm up the otherwise seasonal power that we get from the hydro projects.

That is found on page 38. On page 45 we find this additional statement from Mr. Clapp:

The virtue and the necessity for these steam plants, therefore, is to firm up and help make more useful the water power that we can generate from the river.

Mr. THYE. Mr. President, may I ask the distinguished junior Senator from Alabama a question?

The PRESIDING OFFICER. Does the Senator from Michigan yield for that purpose?

Mr. FERGUSON. I yield for that purpose.

Mr. THYE. Did Mr. Clapp state in his testimony specifically the amount of possible seasonal loss because he has not the steam plant to firm up his power? Did he give any indication of how many kilowatt-hours were lost by reason of the

fact that he had an abundance of water in a few months of the year, and nothing to supplement or firm up the power during other months of the year?

Mr. HILL. I cannot put my hands on that point.

Mr. THYE. That is the most important question that is before us, I must say, because anyone can see that it is desired to firm up the power; but the kilowatt-hours lost in the so-called flush rainfall season of the year is the information I must have in my mind before I can act intelligently on the matter.

Mr. FERGUSON. Mr. President, in reply to that question, I wish to read from page 13 of the House committee report:

It appears equally clear from the testimony before the committee that there will be available from present and prospective generating facilities without the proposed steam plant an entirely adequate supply of power for the foreseeable demands of these preferred classes of customers. In other words, there is no necessity whatsoever for the installation now or in the foreseeable future of the proposed steam plant so far as the preferred class of customers is concerned. In fact, at the present time less than a third of the power generated by TVA is used by the preferred customers. The balance is sold to industrial users and private utility companies, including such companies as the Aluminum Co. of America, the Monsanto Chemical Co., Victory Chemical Works, Reynolds Metal Co., etc.

As I understand, the testimony showed that today there is in Memphis, Tenn., a steam plant that is not being operated, but which could be used to firm up any power. They do not need that power at the present time. They anticipate in the future large industrial developments in the Tennessee Valley, and they want to be ready by 1952, with this \$54,000,000 plant, to furnish power to those new industries.

Mr. THYE. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. THYE. The question is very clearly this, in my mind: We are building for an anticipated load, in this particular area; but we know that we are striving and almost compelled to have brown-outs on the Pacific coast, for lack of current today, and we have had brown-outs in the New England area for lack of current.

If the Government is going to enter into business to firm up for an anticipated load, we had better first take care of our actual needs in the sections of our Nation where today we have a necessity for brown-outs, rather than to attempt to meet a future, anticipated load in the section referred to.

Mr. SPARKMAN. Mr. President, will the Senator yield to me?

Mr. FERGUSON. I yield.

Mr. SPARKMAN. I should like to have the attention of the Senator from Minnesota, if I may.

The PRESIDENT pro tempore. Senators will please take their seats so that the Chair can tell who is pitching and who is catching. [Laughter.]

Mr. FERGUSON. I yield to the Senator from Alabama.

Mr. SPARKMAN. A few moments ago the Senator from Minnesota asked about

testimony that may have been given as to the amount of loss by reason of not having the power firmed up properly with additional steam generating units. I do not recall that at any time the number of kilowatt-hours was specifically stated; but I remember this testimony, which I think bears on the question the Senator from Minnesota asked: It was testified by all the witnesses that private concerns operating hydroelectric systems would have approximately 25 percent of their systems provided with steam-generated power in order to firm up their hydroelectric systems, but that in the TVA system that now amounts to only approximately 16 or 17 percent. In other words, it is far below what a prudent and economically operating private concern would have.

With reference to the matter the Senator from Michigan read from the House committee report, about having the generating capacity measure up, I wish to call the attention of the Senator from Michigan and the attention of the other Senators to the fact that it was clearly brought out before the Senate Appropriations Committee that the House committee report was based on a set of charts which was presented to the House committee by Mr. Purcell Smith. I wish to read just one question which was put to Mr. Smith, and his answer. This question was propounded by the Senator from Alabama [Mr. HILL]. He said, in talking to Mr. Smith:

Then the truth is that these graphs that you have here really—it may not be your fault—but they do not present a true picture; do they?

And please listen to Mr. Smith's answer, and remember he was referring to the same set of charts on which the report from which the Senator from Michigan has read was based:

Mr. SMITH. Certainly not, because we presented them on the basis that the reports made, and we said what they were.

He admitted there that when he talked about preferred customers, for instance, he did not include the power that goes to the United States Government and its various agencies, whereas according to the basic act of the TVA, the United States Government is No. 1 among its preferred agencies or customers. In other words, he was not including the power that was going to the atomic energy plant at Oak Ridge. He was not including the power that was going to all the arsenals and war-material manufacturing plants down there—plants operated by the Government.

So I do not believe it is right or fair or proper to rest upon a report which, in turn, was based upon a set of charts which Mr. Smith himself, this \$65,000 power lobbyist, admitted was not correct.

Mr. THYE. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. THYE. What are the needs in the Tennessee Valley area that are not now supplied? What are the actual needs? In other words, is industry there starving for lack of current? Are the Rural Electrification Administration projects there in need of current?

Mr. President, the fact of the matter is that they are not. They are trying to build for an anticipated load, whereas today we in the Middle West are hungry for current. Today there is a need for current in the brown-out States on the Pacific coast. The St. Lawrence seaway proposal was rejected last spring at a time when the New England area was shutting down for lack of current; but Congress could not even see fit to appropriate sufficient funds to make an intelligent study of the St. Lawrence seaway project. However, now we are asked to build a plant for an anticipated load 5 years from now. It simply does not make common sense, to my mind.

Mr. SPARKMAN. Mr. President, may I answer the Senator?

Mr. FERGUSON. I yield.

Mr. SPARKMAN. First, I should like to say to the Senator from Minnesota that the St. Lawrence seaway project was not voted down with my help. I joined with the Senator from Minnesota in behalf of that project, just as I have in behalf of other power projects, in order to prevent the very thing the Senator has so ably pointed out. Of course, we cannot build all power projects all over the country at one time; we must take them as they come.

The Senator asks whether industry is starving in that area today. I shall not say it is starving today; but there is a normal load that is coming, and certainly it will take us 5 years to build for it. We have Rural Electrification area lines going out into the country, but of course a REA line is no good unless it is made "hot." We have the war plants down there, and I think the testimony throughout the hearings will show that, if there were an emergency today, there would not be sufficient power in the Tennessee Valley to permit the operation of the war plants that are there.

Mr. THYE. Mr. President, I must call to the attention of the able Senators that there was enough current there to operate the plants during the war, and there is sufficient current there today; and last fall a new hydroelectric generating unit was added to the dam structure, to supplement that which was available at the time when the war was in its full progress.

Again I call attention to the fact that the testimony of Mr. Clapp tells us that we are trying to build for an anticipated load, rather than to build to meet the necessities of the demands upon it as of today.

On the other hand, we have in the United States other areas that we must take care of in order that we shall be strong enough to meet any emergency in the future; and the New England area is one, and the Pacific coast area is the other.

Mr. BALDWIN. Mr. President, will the Senator yield to me?

Mr. FERGUSON. I yield to the Senator from Connecticut.

Mr. BALDWIN. Mr. President, it seems to me that in adopting this committee amendment, we shall be making a very marked departure from what at least I, as one American citizen had assumed, was the policy behind the Ten-

nessee Valley Authority development. I had always supposed that in that valley or in those valleys we had the problem of a great potential of water power going to waste, and we also had a flood-control problem; and in order to deal with those two problems, I assumed that those appropriations of Federal funds were made funds taken from the taxpayers all over the country, in order to create that marvelous public work—Let me say that I am heartily in accord with that. If it is possible for the Government to do something there which private industry could not do, if it is possible for the Government to use its funds to develop a program which private capital cannot develop, it seems to me that is a highly desirable thing to do.

But what has happened, Mr. President, is this: Since that development has been put into operation during the course of the years, because of the cheap power in that particular area, new industries have been attracted there. I may say I am in accord with that. If by developing a natural resource our Government can attract new industries with cheap power, there is no reason under heaven why it should not do so. But this goes one step further and takes a vital, compelling step.

Mr. STEWART. Mr. President, will the Senator yield?

Mr. BALDWIN. I yield.

Mr. FERGUSON. I believe I have the floor. I yield.

Mr. STEWART. I was impressed by the Senator's statement that new industries had been attracted from other sections of the country to the valley. Can the Senator name any?

Mr. BALDWIN. I cannot name any; no. I am not familiar with them. I would hope some might be attracted there. But I want to develop further that point.

Mr. STEWART. There have been new industries developed there, but none have been taken from any other section of the country.

Mr. BALDWIN. I am glad of it and I am very glad that new industries can be developed there; but it seems to me that as a matter of policy these new industries should be allowed to develop there at public expense only by using the facilities nature has placed there in the rough, and that the Government has taken advantage of.

When we step in and use money from the Federal Treasury to install a steam plant to meet what might be the increased demand for power, because it is cheaper than it is in some other sections of the country, we are using Federal funds to develop this locality and gradually drawing from other parts of the country the industries which are there, industries which must remain there to support the populations in the other areas, and to provide the tax revenues to carry on their governments.

It seems to me, Mr. President, we must adopt here and now one of two policies: We have either got to say on the one hand that a natural resource can be developed, and when that resource is used

to its utmost Federal funds can then be used to supplement it at public expense, or a policy can be adopted that we shall use and develop a natural resource with public funds to the point where it can be used by those who want to use it, but when we get to the point where the demand for its use increases beyond what naturally is there without supplementation, then we should move over to some other area with the public funds and develop it.

It seems to me, Mr. President, that is a marked division of policy. I am heartily against the committee amendment. I believe it does violence to a very fundamental principle, and I think it is unfair to others parts of the country that are willing and glad to support the Federal Treasury. But we ought not to support with their tax moneys programs which in the long run will make it impossible for them to continue their operations.

Mr. FERGUSON. Mr. President, I should like to read into the RECORD some evidence which was furnished to the committee by Charles A. Eaton, Jr., vice president of the New Jersey State Chamber of Commerce. It has been argued here that one of the reasons why the Tennessee Valley Authority is anxious to install the steam plant is the cheapness of power. We all know that in the Tennessee Valley there has been a subsidy. For instance, a corporation in the State of Connecticut that furnishes power and makes a profit has to pay an income tax. It has to pay interest on its mortgage or bond money. It has to pay State and local taxes.

Mr. BALDWIN. Mr. President, will the Senator yield there?

Mr. FERGUSON. Yes; I yield.

Mr. BALDWIN. I am not only thinking of the point the distinguished Senator from Michigan has just made, but I am thinking of what goes further than that, because if industries are attracted away from New England and away from other parts of the country by this opportunity for cheap power provided at public expense, then we lose the employment that goes with those industries, which is vital to the maintenance of the States in our section of the country. So it goes far beyond the question of the power companies involved. It goes right back to our economy.

Mr. FERGUSON. I appreciate that. I had in mind that the power company must charge a certain rate in order to operate, and that if industries cannot operate as cheaply in Connecticut as they could with Federal power in the Tennessee Valley, they are going to move to the Tennessee Valley. That is why I want to place in the RECORD the letter Mr. Eaton sent to the committee, which reads:

In answer to the question you asked me the other day when I testified on the TVA steam power plant proposal, I would like to submit the following information from the Federal Power Commission report R-36, entitled "Typical Electric Bills," published in April 1948.

That is the Federal Power Commission report.

The rates given are as of January 1, 1948.

Commercial power service

Kilowatt-hours of billing demand	Kilowatt-hours	Rates per kilowatt-hour	
		Memphis	Jersey City
1½	150	\$5.18	\$7.52
3	375	11.50	17.55
6	750	20.13	32.91
12	1,500	31.63	60.73
30	6,000	89.70	190.42

That is why, as the Senator says—power cannot be furnished as cheaply in the other States, where it is necessary to have private power. As I see the picture, and as I saw it at the time of the hearing, certain power is available by virtue of flood-control operations and certain power by virtue of the use of navigable streams, and such power should be used. It should be supplemented by private or free-enterprise power rather than by Federal Government power. That is the whole question. The question is one of socialization. Should the Reynolds Metal Co. go into the Tennessee Valley and use the power which is provided from the dams, and then say: "We want to put in a extra plant, and therefore we demand that the Federal Government install a steam plant."

All over the country private enterprise has built private power plants. They do not demand from the Federal Government that power be furnished at Government expense. We face that question, which is one of policy, a question of what the taxpayers are willing to do. Yes, power derived from flood-control works should be used, and power generated from navigable streams should be used; but the question which I think we must solve is, Should ground be broken by the use of Government money to provide power to build up industry, and to provide for every industry that wants to go into the Tennessee Valley?

Mr. BUCK. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. BUCK. The Senator refers to the price at which the Authority sells its power. It sells it at a price per kilowatt which is not very much below the price charged by private industry. In other words, the Authority sells it for approximately 3.1 mills. Private companies sell it at approximately 3.78 mills packed.

Mr. FERGUSON. I understood that it was 3.4 and 3.7; but the Senator is probably correct.

Mr. BUCK. Is it not true that the appropriation will lead to an expenditure of \$54,000,000 before the plant is completed?

Mr. FERGUSON. Yes; and \$84,000,000 for all of the connecting power lines, and so forth.

Mr. BUCK. Is it not proposed that the plant will produce approximately 250,000 kilowatts of power, which it intends to build up to approximately 1,000,000 kilowatts?

Mr. FERGUSON. I should have to check that figure.

Mr. BUCK. I think it is correct. That is in addition to two-and-a-half-million kilowatts which the Authority now produces, and it is planning to increase

power from dams. I should like to point out to the Senator that it is my understanding that a subcommittee of the Committee on Public Works will carry on an investigation of the TVA and report to Congress next year. I think that would be a very proper time to consider this additional expense.

Mr. FERGUSON. I have just been advised by the Senator from West Virginia [Mr. REVERCOMB] that the Senator from Delaware is correct. The committee is making a study of the Tennessee Valley question.

Mr. REVERCOMB. Mr. President will the Senator yield?

Mr. FERGUSON. I yield.

Mr. REVERCOMB. I should like to say to the able Senator from Michigan that I did not realize I would precipitate the deluge of discussion which has occurred, but I am very delighted that it has occurred, because in the Senator's discussion he definitely brought out views upon other questions which are being inquired into in the present investigation into TVA, and, as stated by the able Senator from Delaware [Mr. Buck], that inquiry is proceeding, and it is expected that at the next session of Congress a report will be made to the Senate by the Committee on Public Works. We have been told time and again that the Tennessee Valley Authority was established for the development of the Tennessee Valley, for flood control, and for the use of the water for the generation of electricity. Apparently we would be told now that water-power has been developed to its full extent, and we are asked to appropriate money to construct a steam power plant. That has not been done previously with Government funds, as I understand, in that particular valley. It is a new expansion of the activity of the Tennessee Valley Authority.

Mr. HILL. Mr. President, will the Senator yield?

Mr. REVERCOMB. In a moment.

Mr. HILL. The Senator wants to give the facts, I am sure.

Mr. REVERCOMB. Certainly I do. It seems to me that the investigation could go into what is really there and what can be done. No step should be taken until that investigation is completed.

Mr. FERGUSON. I yield to the Senator from Alabama.

Mr. HILL. The Senator stated that there were no steam plants in TVA. There are steam plants there. The fact is that in the original construction of the first dam, the Wilson Dam, there was a large steam plant. Everyone who knows anything regarding electric power and its operation knows that if we are to have an economical, wise, and businesslike operation there must be steam plants to firm up the secondary interruptible power.

Mr. FERGUSON. Mr. President, I think I ought to answer the Senator from Alabama, in connection with the question of the use of power at the Muscle Shoals plant. Is that what the Senator had in mind?

Mr. HILL. I do not know of any limitation at all on the power there. I made the point that in the beginning, steam plants were erected. We bought steam plants. There are five large steam

plants and some smaller plants in the power system.

Mr. FERGUSON. But there are some that are not being used at the present time.

Mr. REVERCOMB. Will the Senator yield?

Mr. FERGUSON. I yield to the Senator from West Virginia.

Mr. REVERCOMB. Is it not a fact that the steam plants were purchased and turned over at the time, or shortly after, the construction of the Tennessee Valley power project; and is it not a fact, as we have been told, that so far as the use of steam plants is concerned, there is a steam plant available in or near Memphis?

Mr. FERGUSON. In Memphis.

Mr. REVERCOMB. That is not being used at all, is it?

Mr. FERGUSON. That is correct.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield to the Senator from Kentucky. I promised some time ago to yield to him.

Mr. COOPER. Mr. President, I want to address myself to a phase of the question under consideration which I do not believe has been discussed. It is particularly in answer to questions which were asked by the distinguished Senator from Minnesota [Mr. THYE] a few moments ago. I realize that some time and at some place the Congress must fix the limits of the powers and authority of the Tennessee Valley Authority and in the construction of steam plants, and for other purposes. I am cognizant of that fact.

But, Mr. President, I contend that we have not yet reached that time and place in determining whether this particular steam plant should be built. The questions which we must determine are first, whether there is legal authority to construct the plant, and second whether it is good policy to build the plant.

Speaking first to the question of legal authority I call attention to the fact that when the constitutionality of the TVA was determined the courts held that the TVA did have the authority and right to dispose of surplus power developed in its hydroelectric system.

This authority to dispose of surplus power is not restricted to the dams which are now in existence, but to dams which are now being or may be constructed in the system.

The power of TVA to dispose of all of the surplus power which may be developed by any dams which exist or may be constructed in the Tennessee Valley is limited, of course, by appropriations which Congress may make.

The courts have gone further and have said that the TVA has authority to market efficiently surplus power developed at the dams.

The courts have authorized the construction of transmission lines by the TVA, so that the Authority could efficiently transmit and sell its power. The point was raised that such action was unconstitutional. The courts held that the Tennessee Valley Authority could sell its surplus power, and could take action to sell it efficiently.

Mr. THYE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Minnesota?

Mr. FERGUSON. I yield.

Mr. COOPER. I should like to finish.

Mr. FERGUSON. The Senator from Kentucky may finish.

Mr. COOPER. I repeat that the point has been settled that the TVA has not only the power to sell power from its dams but that it has the power to sell efficiently. I think everyone must admit that the efficient sale of power contemplates the construction of sufficient steam plants necessary to efficiently sell the power. Upon the basis of the decisions to which I have referred I make the point that the TVA has the legal authority to construct the Johnsonville steam plants if it is necessary to sell efficiently the surplus power developed by all the dams in existence or to be constructed by 1952, at which time the steam plant would be completed.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. FERGUSON. I am yielding to the Senator from Kentucky.

Mr. COOPER. Is the construction of this plant necessary to balance out the power developed at the dams? The testimony of Mr. Clapp at the Senate committee hearings indicated that the TVA is now producing 2,571,000 kilowatts and that the present production from steam plants is 450,000 kilowatts. Figures quoted in the hearings indicated the lowest ratio of kilowatts developed by steam as against water power of private companies in the area is 31 percent. The ratio in the TVA is much lower. If the Johnsonville Dam is built it will produce 375,000 kilowatts. I say that when it is built, the kilowatts produced, added to the kilowatts which are now being produced by steam plants, in the system will just be sufficient to enable TVA to balance out hydro power and to sell efficiently the power that will be developed at all the dams now in existence and those being constructed. Upon the basis of the testimony that was given, the legal authority to build the plant is present. I will speak later of the policy considerations which lead me to conclude that the plant should be built.

Mr. FERGUSON. I now yield to the Senator from Minnesota.

Mr. THYE. Mr. President, my only reason for asking for recognition at this point was that the junior Senator from Kentucky more or less directed his statement to me at the outset. I wish to say to the junior Senator from Kentucky that he is entirely correct; I do not believe there is any question in the mind of any one of us as to the legal authority of the TVA. But I come right back to the question, whether we firm up the present power by the steam plant or not, that it would be perfectly sound if the load were there and there were a brown-out in that area because there was not sufficient current available at all hours of the day to meet the demands. But when the current is available to meet all the demands, and we are building with an anticipation of what the loads might be 4 or 5 years from now, and trying to

balance off when there is steam standing available to meet any possible emergency of drought, then I say we are going too far as a nation in building up for an anticipated load when we have so much else in the Nation demanding Federal appropriations, to assist in worthy projects such as flood control, which will involve hydroelectric generating in connection with flood control, as well as the domestic and the industrial needs, such as New England areas and the Pacific area have pressed not only on the Congress, but on the public utility units in existence in those localities. So I wish to say that the Senator from Kentucky is correct on the legal phase, but the load is not there demanding that the current be generated.

Mr. TOBEY. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield to the Senator from New Hampshire.

Mr. TOBEY. Mr. President, I appreciate the courtesy of the Senator from Michigan in yielding. I wish to take 2 minutes to lay a ghost here tonight, and the ghost I want to lay is the one that is raised by the Senator sitting just in front of me, the Senator from Connecticut [Mr. BALDWIN]. From the depths of his soul he cried out in mental anguish lest some of the great industries of New England attracted by the mercenary desires for lower power rates might leave the sacred soil of England and go to the South.

Perish the thought. It is improbable in my judgment. The perspicacity, the zeal, the admiration, the loyalty, and the advantages which accrue to the industries of New England from New England would prevent any one of them leaving there. New England, land of senic splendor, land of great traditions, land of energy, courage, and high aspirations—Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, each and all of them. There they stand. Cordially we say to industries in other parts of the country, come on in, the water is fine. Come from the South, come from the West, come from the North, but come to New England, land not only of scenic splendor, land of thrift and prudence, land that years ago gave the Nation the splendid manhood and womanhood that developed the United States into a Nation par excellence under God. Welcome to New England. [Laughter.]

Mr. WHERRY. Mr. President, could there be a finer moment for the Senate to adjourn?

Mr. FERGUSON. I yield to the Senator from Nebraska.

Mr. WHERRY. Mr. President, it is now past 10 o'clock, and with such an eloquent speech to go home and sleep on and dream about, I think we had better conclude the session.

Mr. LUCAS. Mr. President, I propose tomorrow to offer two short amendments to the bill, and I ask that they be received and lie on the table, and also that they be printed in the RECORD at this point.

The amendments were received, ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 3, line 7, strike out the figure "\$4,840,000" and insert "\$6,200,000."

On page 3, strike out the proviso beginning on line 20 and ending on line 1, page 4, which reads as follows: "Provided further, That no part of this appropriation shall be used to pay any public housing agency any contribution occasioned by payments in lieu of taxes in excess of the amount specified in the original contract between such agency and the Public Housing Administration or its predecessor agencies."

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. The unfinished business is the long-range agricultural bill, is it not?

The PRESIDING OFFICER. That is correct.

Mr. WHERRY. It has been temporarily displaced by the appropriation bill?

The PRESIDING OFFICER. It has been temporarily laid aside for the consideration of House bill 6481. The Chair will point out that that bill is now open to the first committee amendment.

Mr. WHERRY. I have been informed by several Senators that they would like to have the Senate go back and take up another bill on the calendar. I ask now whether, when the calendar is called between the hours of 11 and 1 o'clock tomorrow, the unfinished business will still be the long-range agricultural program bill?

The PRESIDING OFFICER. That is correct.

Mr. WHERRY. I do not believe we can conclude consideration of the pending bill now, because the hour is too late.

Mr. FULBRIGHT. I did not quite understand what the Senator said about the unfinished business. The bill now under consideration was taken up by motion.

Mr. WHERRY. No.

Mr. FULBRIGHT. Oh, yes, it was.

Mr. WHERRY. What is the unfinished business?

Mr. FULBRIGHT. The bill now under consideration.

Mr. JOHNSON of Colorado. I call for the regular order.

The PRESIDING OFFICER. The Chair was advised that when the bill now being considered came before the Senate, inadvertently or otherwise, it was taken up by motion.

Mr. JOHNSON of Colorado. I call for the regular order.

The PRESIDING OFFICER. There was no objection to the motion, however. So it can be construed as unanimous consent.

Mr. WHERRY. I thank the Chair.

Mr. FULBRIGHT. I do not understand, Mr. President. How does the Chair know there was no objection? A vote was had, a voice vote.

The PRESIDING OFFICER. The present occupant of the Chair was in the

Chamber at the time and listened very carefully, and the present occupant of the Chair heard no objection whatever and no negative vote.

Mr. WHERRY. That is the ruling of the Chair?

The PRESIDING OFFICER. The Chair would so hold, in order to expedite the procedure of the Senate.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. IVES in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations and withdrawing a nomination, which nominating messages were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. WILEY, from the Committee on the Judiciary:

Joseph J. Hancock, of Kentucky, to be United States district judge of the Canal Zone, vice Bunk Gardner, retired; and

Howard C. Gilmer, Jr., of Virginia, to be United States attorney for the western district of Virginia, vice Frank S. Tavenner, whose term will expire June 5, 1948.

ADJOURNMENT

Mr. WHERRY. I now move that the Senate adjourn until tomorrow at 11 o'clock, a. m.

The motion was agreed to; and (at 10 o'clock and 8 minutes p. m.) the Senate adjourned until tomorrow, Tuesday, June 15, 1948, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate June 14 (legislative day of June 1), 1948:

DIPLOMATIC AND FOREIGN SERVICE

The following-named persons for appointment as Foreign Service officers of class 3, consuls, and secretaries in the diplomatic service of the United States of America:

Richard M. Cornell, of Missouri.

Joseph B. Costanzo, of New York.

Woodruff Wallner, of New York.

Albert E. Carter, of Tennessee, for appointment as a Foreign Service officer of class 4, a consul, and a secretary in the diplomatic service of the United States of America.

The following-named persons for appointment as Foreign Service officers of class 5, vice consuls of career, and secretaries in the diplomatic service of the United States of America:

D. Chadwick Braggiotti, of Connecticut.

Richard I. Phillips, of California.

UNITED STATES PUBLIC HEALTH SERVICE

APPOINTMENTS

The following-named candidates for appointment in the Regular Corps of the Public Health Service:

To be surgeons (equivalent to the Army rank of major), effective date of acceptance:

Henry W. Kassel

Edward K. Reid

To be scientists (equivalent to the Army rank of major), effective date of acceptance:

Malcolm J. Williams

Jerry W. Carter, Jr.

John C. Eberhart

PROMOTIONS

The following-named candidates for promotion in the Regular Corps of the Public Health Service:

Surgeons to be senior surgeons (equivalent to the Army rank of lieutenant colonel), effective July 1, 1948:

Lee C. Watkins	Robert K. Maddock
William F. Osenfort	Alfred B. Geyer
Joseph O. Dean	Robert H. Flinn
Ivan W. Steele	Roy E. Butler
Kenneth R. Nelson	Leland J. Hanchett
Vane M. Hoge	Richard C. Arnold
Frank F. Thweatt, Jr.	Austin V. Deibert
Gilbert L. Dunnahoo	John L. Wilson
Eddie M. Gordon	Leslie M. Smith
Ralph Gregg	Llewellyn L. Ashburn
Edwin G. Williams	Oliver C. Williams
Gerald M. Kunkel	B. Oliver Lewis
Harold D. Lyman	Clifton K. Himmelsbach
Frederick W. Kratz	John W. Oliphant
John D. Lane, Jr.	Seymour D. Vestermark
Donald J. Hunt	Hollis U. Maness
Chapman H. Binford	Leroy E. Burney
John A. Trautman	Charles R. Mallary
Joseph A. Bell	Michael J. Pescor
Edward C. Rinck	Don S. Cameron
Gordon A. Abbott	George H. Hunt
Sidney P. Cooper	Harry Eagle
George W. Bolin	Dean A. Clark
Waldemar C. Dreessen	Norvin C. Kiefer
Noka B. Hon	Myron D. Miller
Otis L. Anderson	George L. Fite
Claude D. Head, Jr.	Arthur W. Newitt
Mason V. Hargett	H. van Zile Hyde
Cassius J. Van Slyke	Robert H. Felix
Thurman H. Rose	Walter Griffey
Victor H. Vogel	
Thomas B. McKneely	
William G. Workman	

Senior assistant surgeons to be surgeons (equivalent to the Army rank of major), effective July 1, 1948:

Virgil J. Dorset	Harold M. Graning
John R. McGibony	Karl Habel
Robert F. Martin	Francis T. Zinn
Herman E. Hilleboe	Robert T. Hewitt
Theodore L. Perrin	Robert R. Smith
Harris Isbell	Murray A. Diamond
David J. Zaugg	Max R. Kiesselbach
Howard D. Fishburn	Weldon A. Williamson
Rolla R. Wolcott	Robert D. Wright
James F. Lane	Joseph S. Spoto
John N. Bowden	Aaron W. Christensen
Ralph B. Hogan	John P. Turner
Waldo B. Edwards	Waldron M. Sennott
Vernon B. Link	Benjamin Highman
Norman H. Topping	Curtis G. Southard
James A. Grider, Jr.	Daniel J. Daley
Byron J. Olson	James J. Griffiths
Harold R. Sandstead	John B. Vander
Clarence A. Smith	Albert L. Chapman
Richard H. Smith	George K. Massengill
John A. Lewis, Jr.	Michael B. Shimkin
Dale C. Cameron	Lloyd S. Rolufs
Leo D. O'Kane	Dorland J. Davis
Jack L. James	Joseph C. Sturgell
Leon S. Saler	Robert A. Hingson
Thomas A. Hathcock, Jr.	Robert L. Griffith
Robert C. Dunn	Kenneth W. Chapman
Randall B. Haas	James K. Shafer
Charles G. Spicknall	Benno K. Millmore
Vernam T. Davis	John D. Porterfield
Harold T. Castberg	John T. Wright
Terrence E. Billings	Benjamin Wolfman
James R. Shaw	Allen B. Eschenbrenner
James Watt	Ralph W. McComas
Edgar B. Johnwick	William J. Brown
Lawrence W. Brown	Louis Jacobs
Francis J. Weber	Bryan A. Dawber
Thomas R. Dawber	Carl L. Larson
Theodore F. Hilbish	James A. Smith
Michael L. Furcolow	Glen E. Ogden
George E. Tooley, Jr.	George F. Ellinger
Robert L. Zobel	David B. Wilson
Thomas F. Crahan	John F. Oesterle
Raymond F. Kalser	James L. Southworth
Glenn S. Usher	Joe M. Chisolm
James V. Lowry	Clarence L. Hebert

Leslie W. Knott	William J. McAnally, Jr.
Robert J. Anderson	Nunzio J. Carozzo
William H. Stimson	Carl Enna
William S. Baum	W. Clark Cooper
Albert N. Sarwold	Robert W. Blach
William G. Budington	Clarence Kooker
Kenneth M. Endicott	Harold J. Magnuson
Samuel S. Spicer	Jack C. Haldeman
James B. Donaldson	Walter S. Mozden
Jesse D. Harris	Paul C. Campbell, Jr.
Malcolm J. Ford	David E. Price
Donald W. McNaughton	Charles L. Williams, Jr.
Edwin N. Hesbacher	Charles C. Shepard
James A. Finger	James L. Baker
Robert Lincoln Smith	Wayne W. Carpenter
George E. Parkhurst	Selwyn H. Drummond
Arnold B. Kurlander	Timothy J. Haley
Stanley E. Krumbiegel	Gabriel P. Ferrazzano
Michael J. Clarke	Linden E. Johnson
Emerson Y. Gledhill	James M. Hundley
Clarence B. Mayes	Russell I. Pierce
Mark E. Myers	Luther L. Terry
Daniel MacKillop	
Ray H. Vanderhook	

Assistant surgeons to be senior assistant surgeons (equivalent to the Army rank of captain), effective July 1, 1948:

Richard H. Linn	John J. Antel
Clarke W. Mangun, Jr.	Heinz R. Weisheit
Leland C. Burrill	Roy P. Lindgren
Warfield Garson	Edmund V. Cowdry, Jr.
Willie G. Simpson	Gleb A. Nedzel
Keith F. Farr	Alton Melster
Norman C. Morgan	Clyde H. Dabbs, Jr.
Robert E. Staff	Robert S. Weinhaus
John W. Smillie	W. Burton Haley
Sidney Krohn	Ralph T. Behling
William P. Ramey	Marlon F. Graham
Leo J. Gehrig	LaVere G. White
Robert Leslie Smith	Lindsay K. Bishop
Arthur E. Rikli	Howard W. Halfman
Stuart H. Martel	Robert E. Greenfield, Jr.
David S. Citron	Eugene A. Vaccaro
Leonard T. Kurland	Clarence A. Velat
Robert B. Shelby	James R. Green
Carl A. Boswell	Maurice W. Peterson
William A. Himmelsbach	Charles C. Griffin, Jr.
Thomas A. Burch	Robert D. Dooley
John G. Robinson	John S. McMillin
Andrew L. Hoekstra	Kenneth W. Horne
Gordon B. Wheeler	Robert M. Farrier
Alan D. Miller	Stuart M. Sessoms
Charles L. A. Wehr	James B. Dukes
Louis B. Thomas	Francis P. Nicholson
Leon T. Atlas	Robert A. Mattingly, Jr.
Harry E. Halden III	Robert C. Rodger
Martin M. Cummings	Luther E. Smith
Robert B. Dorsen	Joseph Leighton
John C. Wrye III	James J. Thorpe
Albert V. Myatt	Sheldon Dray
Frederic D. Regan	Donald Harting
Gove Hambidge, Jr.	Cornelius J. O'Donovan
Lewis Francis	Robert E. Westfall
Kirkland C. Brace	M. Lawrence Brockmyer
Hans R. Huessy	Donn G. Mosser
Terrell O. Carver	Henry D. Smith
Milton J. Miller	Robert P. Ralls
John H. Miller	Henry C. Savage
Elroy G. Burgwald	A. McChesney Evans
Carl R. Reed	John L. Lightburn
Carroll D. Savage	Virgil Hanson
John P. Lombardi	Raymond N. Brown
Vincent E. Price	Raymond G. Halvorson
Frederick G. Germuth, Jr.	
Daniel Shapiro	
Robert H. Dysinger	
Robert B. Neu	

Dental surgeons to be senior dental surgeons (equivalent to the Army rank of lieutenant colonel), effective July 1, 1948:

David Cooper	Gordon G. Braendle
Fritz R. Jackson	John M. Francis
John A. Hammer	Charles B. Galt
James F. Lewis	Robert A. Scroggie
Thomas L. Hagan	Leland E. Weyer
Ray P. Breau	Leonard R. Etzenhouser
James S. Miller	

Mark E. Bowers	Robert H. Moore
Joseph J. Dunlay	Frank E. Law
Walter J. Pelton	

Senior assistant dental surgeons to be dental surgeons (equivalent to the Army rank of major), effective July 1, 1948:

Charles H. Wright, Jr.	Clovis E. Martin
Howard J. Woodbridge	Donald J. Galagan
Francis A. Arnold, Jr.	Joseph E. Unsworth
William W. Calhoun, Jr.	James O. Blythe, Jr.
George E. Waterman	Fred D. Lewis, Jr.
William C. Neaf	Francis J. Walters
Joseph G. Yount	Vernon J. Forney

Assistant dental surgeons to be senior assistant dental surgeons (equivalent to the Army rank of captain), effective July 1, 1948:

Richard P. French
Joseph W. Fridl
Charles P. White

Sanitary engineers to be senior sanitary engineers (equivalent to the Army rank of lieutenant colonel), effective July 1, 1948:

Ellis S. Tisdale	James H. Le Van
Omar C. Hopkins	Franz J. Maier
Vincent B. Lamoureux	Maurice LeBosquet, Jr.

Senior assistant sanitary engineers to be sanitary engineers (equivalent to the Army rank of major), effective July 1, 1948:

Walter N. Dashiell	Ralph Porges
Mark D. Hollis	James G. Terrill, Jr.
Frank E. DeMartini	Richard T. Page
Vernon G. MacKenzie	John S. Wiley
Gordon E. McCallum	August T. Rossano, Jr.

Assistant sanitary engineers to be senior assistant sanitary engineers (equivalent to the Army rank of captain), effective July 1, 1948:

William W. Payne
Frank A. Butrico
Henry J. L. Rechen

Senior assistant engineers to be engineers (equivalent to the Army rank of major), effective July 1, 1948:

Joseph E. Flanagan, Jr.
Lucian E. Renes

Assistant pharmacists to be senior assistant pharmacists (equivalent to the Army rank of captain), effective July 1, 1948:

Donald E. Wenschhof
Robert E. Jones
Henry L. Verhulst

Scientists to be senior scientists (equivalent to the Army rank of lieutenant colonel), effective July 1, 1948:

Heinz Specht
G. Robert Coatney

Junior assistant nurse officers to be assistant nurse officers (equivalent to the Army rank of first lieutenant), effective July 1, 1948:

Anne K. Buck	Jennie H. Raklich
Mary F. Callan	Janine A. Dziejowski
Dorothy L. Connors	Anne Woudema
Rita A. Arzt	C. Vistula Lancaster
Vivian L. Gibson	Virginia L. Roberts
Roberta C. Brave	Ruth I. Webb
Margaret M. Cahalan	Alice M. Driscoll
Mildred K. McDermott	Nelle F. McCarthy
Mary B. Krause	Elaine Felt
Mary C. Larkin	Pauline M. Gronas
Emilie S. Wilson	Ann M. Zidzik
Mary E. Evans	Elsie M. Pinkham
Florence J. Ullman	

IN THE ARMY

The following-named officers for promotion in the Regular Army of the United States, under the provisions of sections 502 and 508 of the Officer Personnel Act of 1947. Those officers whose names are preceded by the symbol (X) are subject to examination required by law. All others have been examined and found qualified for promotion.

Sens. Bridges, Gurney, Brooks, Reed, McKellar, Hayden, and Thomas of Okla. were appointed conferees on the bill (p. 8530).

28. GOVERNMENT CORPORATIONS APPROPRIATION BILL. Passed with amendments this bill, H. R. 6481 (pp. 8504, 8507-48). Sens. Ferguson, Reed, Wherry, McKellar, and Russell were appointed conferees (p. 8548). Agreed, 45-37, to a committee amendment including \$4,000,000 for a TVA steam plant (pp. 8507-40). Several Senators discussed the FCA items (pp. 8540-2). Agreed to an amendment by Sen. Cooper, Ky., to provide that the \$20,000,000 of production credit corporation funds be returned to the revolving fund instead of the Treasury (pp. 8546-7).
29. FARM PROGRAM. Began debate on S. 2318, the Aiken long-range farm-program bill (pp. 8553-65). The time was taken by an explanation of the bill, by Sen. Aiken. Debate on this bill is to continue today.
30. WATER POLLUTION. Senate conferees were appointed on S. 413, to control water pollution through the Public Health Service (pp. 8550-3).
31. NAVAL APPROPRIATION BILL. Passed as reported this bill, H. R. 6772; and conferees were appointed (pp. 8554-8).
32. OLEOMARGARINE TAXES. Voted, 57-26, in favor of a motion by Sen. Fulbright, Ark., to take up H. R. 2245, which would repeal oleo taxes. Sen. Langer, N. Dak., then offered an anti-lynching rider, and no action was taken on the bill (pp. 8499-502).
33. FOREST LANDS. The Agriculture and Forestry Committee reported without amendment S. 2816, to direct the Secretary of Agriculture to convey a small tract of forest land to Oklahoma for the construction of a dam (S.Rept. 1628) (p. 8487).
34. PERSONNEL. The Post Office and Civil Service Committee reported without amendment H.R. 6454, to amend the Civil Service Retirement Act so as to provide annuities for certain Federal employees who have rendered at least 20 years of service in the investigation and apprehension of persons suspected or convicted of offenses against the U.S. (S.Rept. 1668) (p. 8489).
The Post Office and Civil Service Committee reported without amendment H.R. 4917, to provide further benefits for certain employees of the U.S. who are veterans of World War II and lost opportunity for probational civil-service appointments by reason of their service in the armed forces of the U.S., and who, due to service-connected disabilities, are unable to perform the duties of the positions for which examinations were taken (S.Rept. 1680) (p. 8489).
The Post Office and Civil Service Committee reported without amendment S. 2740, to amend the Civil Service Retirement Act relative to the naming of beneficiaries prior to April 1, 1948 (S.Rept. 1685) (p. 8553).
35. VETERANS' BENEFITS. The Labor and Public Welfare Committee reported with amendment S. 2790, to amend the Servicemen's Readjustment Act so as to provide a secondary market for GI loans (S.Rept. 1701) (p. 8553).
36. ASSISTANT SECRETARIES. The Foreign Relations Committee reported an original bill, S. 2869, continuing the authority for the appointment of two additional Assistant Secretaries of State for 1 year (S.Rept. 1683) (p. 8553).

27. FOREIGN AID APPROPRIATION BILL. Passed, 60-9, with amendments this bill, H. R. 6801 (pp. 8565-80). As passed by the Senate, the appropriations would be for a 12-months period and would be as follows: Economic cooperation, \$4,000,000,000; government and relief in occupied areas, \$1,325,000,000; assistance to China, \$460,000,000; assistance to Greece and Turkey, \$250,000,000; International Children's Emergency Fund, \$20,000,000; and International Refugee Organization, \$70,710,226. The Senate increased the limitation on farm-machinery purchases from \$50,000,000 to \$75,000,000; inserted a provision that none of these funds be used for purchases of wool other than from CCC stocks until such stocks are exhausted; struck out the requirement that at least \$65,000,000 be used for nonfat dry milk solids; and removed the provision banning purchase of commodities for the program at prices higher than those in the U. S., but the committee report includes a statement which is quoted below. All these were committee amendments. In addition, agreed to an amendment by Sen. Morse, Oreg., to require the ECA Administrator and the Army Secretary to adjust export allotments of fertilizer materials and compounds by taking into account domestic needs of anhydrous ammonia to the end of supplying domestic fertilizer plants with enough of it to meet domestic fertilizer needs (p. 8579).

Excerpts from committee report:

Prices. "The committee believes that no funds made available under this act should be used to purchase commodities, except under limited special circumstances, at more than the current market price in the United States at the time of the purchase, making adjustments for differences in the cost of transportation to destination, quality, and terms of payment. Limited deviation from this rule will be justified in special situations as, for example, for off-shore purchases when purchases in the United States might materially force up the market price because of insufficient supply, or in which the Department of Commerce might feel that export licenses should not be granted, or for domestic purchases from the Commodity Credit Corporation.

"The committee recognizes that any direct prohibition of such purchases would present an almost insurmountable task of policing if every transaction made through private channels is to be checked. Some check might be furnished by requiring a certificate from the supplier that the price charged by him was not in excess of the current market price at the time.

"Some deviations from this general price policy will normally occur in the ordinary course of business. However, the Administrator is expected to limit strictly material deviations from this general price policy. Flagrant or constant violation shall be considered by him as reason to employ sanctions contained in section 118 of the act."

Fertilizers. "The committee has refused to recommend an amendment requested by the Army to allow the use of occupied area funds for the expansion of fertilizer plants in this country. It was brought to the attention of the committee that the Army has been negotiating many months for a lease of one of four of the plants involved in the Army plans. The several prospective lessees have offered to increase the production of fertilizer to the amount contemplated by the Army. It is the opinion of the committee that these plants should be leased as soon as feasible on terms favorable to the Government, and that the Army should not attempt to manufacture fertilizer for itself on a cost-plus contract basis where the Army facilities can be leased to private enterprise with profit to the Government.

an issue on this floor, I shall have something to say on that subject, too. I am hoping that what I am interjecting here will be a little oil on the troubled waters.

Let me say at this point, parenthetically, that I have quoted Franklin D. Roosevelt and I have quoted President Coolidge. I ask Senators to bear in mind that the very heart of that salient statement was that any party, I care not which it is, that has possession of government over a long term of years becomes literally debilitated so far as performance is concerned and so far as doing a good job is concerned. That was the consensus of the two ex-Presidents.

GIVE OPPORTUNITY TO NEW LEADERS

A third reason for a change in the administration is to give opportunity for the new leadership which has developed in the Nation since 1933, but which has not had the chance to express itself because of the Democratic monopoly in the administration. During these 16 years, the overwhelming proportion of appointments in the executive branch and in the judiciary have been assigned to Democrats. While some few of the President's appointments during these years have been on a merit basis, most of them have been on a spoils basis. Many appointees have been cheap political hacks from corrupt Democratic municipal machines. It is time for a change to a merit basis. I do not have to refer simply to Republican criticism. Democratic Members of the Senate, time and time again, have mentioned the conclusion that I have just stated, that civil service has been corrupted. There is no longer a question of a constructive operation of the civil-service rules. And we have seen it demonstrated here on the floor of the Senate in relation to postmasters before the Republican Party came into control. We have had to fight on the floor of the Senate, and the Senator who is speaking has had to fight, to see to it that civil-service rules were not violated in the interest of political hacks. It is time to allow efficient Republican leadership to assert itself, to allow the new generation of leaders the opportunity to work out its constructive role for the good of the Nation, not on the basis of spoils but on the basis of proven merit.

PROUD RECORD OF GOP CONGRESS

There is another reason, Mr. President, the next reason for a change. The next reason for a change is the Republican record. I say to you, Mr. President, that in spite of the impediments, in spite of the road blocks, in spite of the obstruction, that record stands. You and I know that each of us has ideas about some particular bill or project which we might have hoped this Republican Congress would pass, but which hopes have not been realized. It is almost impossible to satisfy everyone, and yet we know that the Republican Party has conscientiously tried to satisfy the needs of the Nation by its record during these last 2 years in the Congress. I need only mention a few of the laws which we have passed as an indication of our constructive work:

The tax-reduction law.

The Taft-Hartley labor law.

Overseas-information law.

Commission on reorganization of the executive branch of the Government.

Portal-to-Portal Pay Act.

Bill for increasing subsistence allowances for disabled veterans.

Bill for increasing on-the-job training ceilings for veterans.

Terminal Cash Pay Act for enlisted men.

The unification bill for the armed forces.

Many foreign-aid measures to control communism and prevent a third world war in addition to a number of other bills.

Mr. BRICKER. Mr. President, will the Senator yield for the purpose of a motion?

Mr. WILEY. For what purpose?

Mr. BRICKER. For the purpose of making a motion to reconsider.

Mr. WILEY. No; I desire to finish this talk at this time.

The PRESIDENT pro tempore. The Senator from Wisconsin declines to yield.

Mr. HATCH. Mr. President, while the Senator is interrupted, would he yield for the purpose of my proposing a unanimous-consent agreement to return to the calendar for the remainder of the morning hour?

Mr. WILEY. No. I want to finish. I was caught unawares by certain activities, which is apparent, and I am going to talk until after 1 o'clock.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. WILEY. No.

Mr. WHERRY. Would the Senator yield for an announcement, please?

Mr. WILEY. I will yield for a question, providing I do not lose the floor.

Mr. WHERRY. Mr. President, I do not want to take the floor away from the Senator, but Senators have asked what is the program when 1 o'clock arrives. I should like to say, if the Senator will permit, that at 1 o'clock the unfinished business, which is the long-range agricultural program, will then automatically be laid before the Senate. It will be our purpose to get unanimous consent to lay aside temporarily the farm bill and take up and conclude consideration of the Government corporations bill.

I thank the Senator for yielding. I should like to say in conclusion, there will be a session of the Senate tonight.

Mr. WILEY. As I say, there are many bills on which action was not completed and which I personally would have liked to see pass, just as my listeners and readers would. We recognize, however, the staggering burden on this first Republican Congress in over 14 years in trying to set a new path of economy, of efficiency, in place of the Democratic mismanagement which characterized the previous decade or more. Anyone who has ever tried to clean up a dusty attic which has been untended to for 14 years knows the job we Republicans faced.

NEED FOR ECONOMY

Another reason for change is that the Republican Party needs to take the helm if we are to achieve true Government

economy. I know that many of our citizens feel that the expenditures in the Eightieth Congress have been excessive, and in many instances, I am inclined to agree with them. But Mr. President, we have a 50-cent dollar. As I said the other day on the floor of the Senate, I think that by and large when we come to analyze the expenditures of the Congress in the light of the 50-cent dollar, in the light of pressure from foreign parts, and in the light of pressure internally upon our national income and capacity, history will record "well done." Even though I voted against some of the appropriations, my associates felt they were justified. I feel that the strength of America is not in our being able unanimously to agree to everything, but rather, that the strength of America is to be found in the fact that strong men can meet and exchange ideas in this forum, and then agree that to the majority the spoils do not belong, but the victory.

Some Republicans have, unfortunately, caught the spending fever. We recognize, however, the heavy financial costs imposed upon us by the need to combat communism abroad and the need to build up our national defense. All of the money that we are using in this national defense program consists of 50-cent dollars—costs of construction have increased all along the line, and that has served to increase the cost of Government and defense.

Still the Republicans have made great advances, have watered down some of the administration's bloated budget requests, have balanced the budget, and have assured several billion dollars to reduce our national indebtedness.

Another reason for a change—a change that is necessary—in addition to the reasons set forth in the five previous points, including the statements of President Coolidge and President Roosevelt—that after a long period of political domination by one party conditions arise requiring a change—there is the sixth point.

VIGILANCE REQUIRED IN ATOMIC AGE

Another reason for a change is that the Republican Party can assure for the Nation the vigilance at home and abroad against every menace, particularly the menace of communism. The Democratic Party, with its record of secret diplomacy, its record of the appeasement of communism and of building up the forces of communism at home and abroad, cannot assure for the Nation that adequacy which is so indispensable in this atomic age. America has been precipitated to leadership among the nations of the earth and she must be vigilant in the careful exercise of that leadership.

CARRYING THROUGH GOP PROGRAM

Continued Republican leadership of the Senate and House of Representatives is necessary if we are to carry through on the constructive program which we have begun in this Eightieth Congress, and in order to carry through on those items for which time was not available to complete. The question of high prices is still with us; the question of labor difficulties and of many other problems are

still to be solved. The fact that these were not solved during the brief time that we have had available to us is not an indication that we were inadequate to our responsibility, and that from every angle it appears will be thrust upon the party next January; rather it is an indication that we need more time, plus leadership of the national administration, in order that we might complete the job that the Nation has assigned to us. We have been working night and day on thousands of bills; we have not shirked our responsibility in any sense.

The Republican Party does not appeal to the Nation on the basis of making glib promises about accomplishing the millennium. We know that our national economy is so complicated that Congress alone cannot do the job and cannot, by itself, assure national prosperity. The Republican Party does promise the Nation, however, that it will create a climate, an atmosphere of freedom which will give to the farmer, the businessman, the laboring man, to commerce, to transportation, and to every other segment of our economy that freedom, that encouragement, which they have so long missed during the last 16 years of Democratic control—the era of bureaucratic bossing, of crisis psychology, of planned emergencies.

Mr. President, what I have said today expresses my earnest personal conviction as to why I think there is a need for a change. I have just returned from a visit to my own State, where I attended the Republican convention. I talked to many persons representing a fine cross section of the people who represent the grassroots of that great State, which produces 50 percent industrially and 50 percent agriculturally. It is a State filled with the common people, of whom Lincoln said, "God Almighty must have loved them, he made so many of them." I have come back encouraged, because I find that much of the fear, the doubt, and the worry we hear expressed on the floor and elsewhere regarding the future of this great Nation is not lodged in the breasts of the men and women of my State who produce, build, and construct. They have a hope, and they are equal to the task which is before them. They have faith that we shall come through the crisis and meet the problems of today and tomorrow as we have met every problem and every crisis which have arisen in the history of this great country. They are the people who build the Nation. Back in the grassroots sections they are working. They are not striking. They are aware of the fact, Mr. President, that from the villages, small cities, and farmsteads will come the direction which will guide us. Were I to listen to all the fears and doubts expressed through the press and over the radio I would think this country were going to hell. But when I listen to the voices of the common men and women, I am strengthened and encouraged to face, without doubt, the problems which we have to solve.

I learned a little philosophy in politics while I was at home, Mr. President. I heard of a Scotchman who went from the

Isle of Ayr to London. When he returned, a friend said to him: "Sandy, how did you like it in London?" Sandy replied, "I didn't like it. I don't like those Londoners. Mon, they are a queer people, a very queer people." His friend said, "What do you mean, Sandy?" Sandy said, "I went up to my room in the hotel at night. I had my bagpipes along, of course. But those Londoners are queer people. They pounded on the ceiling, on the floor, and on the walls." His friend inquired, "What did you do, Sandy?" Sandy replied, "I didn't let them upset me. I didn't pay any attention to the knocking; I just kept on playing my bagpipes."

Mr. President, I think that both parties might very well, in this election campaign, as they go out through the country, play their own bagpipes. If they do so, they will make a great contribution to the thinking of the American people. From my own little experience in politics I have found that never to mention my opponent is good politics. Never to indulge in personalities regarding individuals is good politics. I found it to be so, because the common people know it is so. They do not like folks who indulge in manure-spreading. They do not like that kind of tactics. The people are looking for more light. Light is what they want. It was Goethe who, when he was about to die, uttered the words, "More light." A friend who was standing by his bed said, "He wants a candle." Another friend said, "No. He is passing through the vestibule between this existence and the next existence, and wise men say that when a man goes through that vestibule he can look both ways." Goethe was looking both ways and saw that what the world needed was more light. Yes, Mr. President, more light. That is also what the grass-roots people want. They do not want our Executive or our candidates to go about spreading murkiness. They want to know the facts; they want to become acquainted with the light.

I respectfully submit, therefore, that when the voters go to their voting booths on November 2, 1948, they should cast their ballot for a Republican President, for Republican Senators, and Republican Representatives. Where they feel that they cannot vote the straight party ticket, because there are some individuals in the Democratic Party who merit their support, I fully respect their judgment. But I do feel that it is the Republican Party to which the Nation must look for the vision and leadership that is so necessary during these chaotic and confused times, but also glorious times.

It is time for a change, Mr. President. It is time for GOP leadership of the national administration and for continued GOP guidance at the helm of Congress.

America must disenthral itself from the Democratic clutch. We must think anew and act anew, as Lincoln advised us.

The choice is before us, freedom under Republicans or regimentation under Democrats; economy or extravagance; merit or spoils; constitutional Americanism or alien collectivism.

I am sure America will make the correct choice.

LONG-RANGE AGRICULTURAL PROGRAM

The PRESIDENT pro tempore. The hour of 1 o'clock having arrived, the pending bill will be returned to the Calendar and the Chair lays before the Senate the unfinished business which will be stated by title.

The CHIEF CLERK. A bill (S. 2318) to provide for a coordinated agricultural program.

APPROPRIATIONS FOR GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES, 1949

Mr. WHERRY. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of order No. 1673, House bill 6481, the Government corporations appropriations bill.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate resumed the consideration of the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

COUNTING OF ELECTORAL VOTES

Mr. LODGE. Mr. President, it has become very clear that there will not be time at this session of Congress for favorable action on Senate Joint Resolution 200, which is a joint resolution proposing a constitutional amendment so that in electing a President and Vice President the electoral votes shall be counted in proportion to the popular vote. This proposal has been unanimously reported by the Judiciary Committees of both Houses of Congress, and is an extremely meritorious legislative proposal. It would prevent such a situation as has arisen three times in our history, when the candidate who received the largest popular vote was not elected.

Mr. President, if we shall return after the session on Saturday, I serve notice now that I shall attempt to bring the joint resolution up. In any case, I shall renew my effort to get it before the Congress at the next regular session.

Mr. RUSSELL. Mr. President, will the Senator from Massachusetts yield?

Mr. LODGE. I yield to the Senator from Georgia.

Mr. RUSSELL. I regret very much to hear the Senator from Massachusetts state that he does not think the joint resolution can be considered at this session. I know of no more important legislative proposal, and I hope the circumstances will permit the Senate to consider the joint resolution at an early date.

Mr. LODGE. I thank the Senator. I am glad he feels as he has stated.

Mr. President, I ask unanimous consent that there be printed in the RECORD several articles and editorials, which have been printed in support of this very important reform, an editorial from the Recorder-Gazette, of Greenfield, Mass., an editorial from the Worcester (Mass.)

to the heirs, assigns, and successors in title of William Collins;

S. 1275. An act conveying all right, title, and interest of the United States in and to certain lands in Warren County, Miss., to the heirs, assigns, and successors in title of Moses Evans;

S. 1303. An act for the relief of Lydia A. Thompson;

S. 1337. An act for the relief of Hou Chung Chay;

S. 1409. An act for the relief of Markoto Iwamatsu, Atsushi Jun Iwamatsu, and Tomoe Iwamatsu; and

S. 1606. An act for the relief of Wladyslaw Plywacki.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H. R. 6556 to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The message further announced that the House had agreed to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendment of the House to each of the following bills of the Senate:

S. 1853. An act to authorize the Coast Guard to establish, maintain, and operate aids to navigation; and

S. 2122. An act to authorize the Coast Guard to operate and maintain ocean stations.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6628) to provide for a program in the field of lighter-than-air aeronautics under the direction of the United States Maritime Commission, and for other purposes.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 6705) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1949, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JENSEN, Mr. FENTON, Mr. STOCKMAN, Mr. SCHWABE of Oklahoma, Mr. KIRWAN, Mr. NORRELL, and Mr. GORE were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H. R. 4663. An act to confer jurisdiction upon the District Court of the United States for the middle district of Georgia to hear, determine, and render judgment on the claims of the owners of the fee-simple titles and leasehold interests in lands leased to the United States by the city of Macon, Georgia, for the use as a part of the site of Camp Wheeler, Ga.;

H. R. 5524. An act making appropriations for civil functions administered by the Department of the Army for the fiscal year ending June 30, 1949, and for other purposes;

H. R. 6430. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1949, and for other purposes;

H. R. 6556. An act to extend the authority of the President under section 350 of the Tariff Act of 1930, as amended, and for other purposes;

H. R. 6716. An act to authorize the Administrator of Veterans' Affairs to transfer a portion of the Veterans' Administration center at Los Angeles, Calif., to the State of California for the use of the University of California; and

H. R. 6726. An act to amend the Public Health Service Act to provide for, foster, and aid in coordinating research relating to dental diseases and conditions, and for other purposes.

APPROPRIATIONS FOR GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES, 1940

The Senate resumed the consideration of the bill (H. R. 6481 making appropriations for Government Corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

Mr. BALDWIN. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. BALDWIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BALDWIN. I understand that the Senate is now considering the committee amendment to House bill 6481, which is in effect an amendment to increase by \$4,000,000 the appropriation in the bill so as to provide for the construction of one steam plant at New Johnsonville, Tenn. Am I correct in my understanding?

The PRESIDING OFFICER. The clerk will state the first committee amendment.

The CHIEF CLERK. On page 2, line 7, after the word "vehicles," it is proposed to strike out "\$27,389,061," and insert in lieu thereof "\$30,972,061."

Mr. BALDWIN. Mr. President, when the Tennessee Valley Authority was created in 1933 it was established to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley, to provide for the agricultural and industrial development of said valley, to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes.

The President's budget message for the fiscal year 1948 contains language summarizing the specific congressional authority granted to the Tennessee Valley Authority, and I read from that message:

To accomplish these purposes the corporation was specifically authorized to construct such dams and reservoirs in the Tennessee River and its tributaries as will provide and maintain a 9-foot channel in the river from Knoxville to its mouth, and will best serve to promote navigation on the Tennessee River and its tributaries, and control destructive flood waters in the Tennessee and Mississippi drainage basins.

Then the statement goes on further to say:

Insofar as may be consistent with these navigation and flood-control objectives, it

was directed to provide and operate facilities for the generation and sale of electric energy.

In other words, at all times the generation of electric energy as a result of this great public work was of a secondary and incidental consideration.

I would be the last one to say that in a development so gigantic as this we should not use every advantage we can obtain from it. In other words, when the Federal Government enters upon the task of developing a great natural resource it seems to me altogether proper that we should develop that resource to the ultimate use to which it can be put, that is, as a natural resource.

In this particular situation—and there are many others like it throughout the United States—there are natural resources which cannot be developed by private capital, which cannot be developed in any other way than by the Government stepping in and providing funds for the development. That was done in the case of the Tennessee Valley Authority.

Mr. President, my objection to the committee amendment is based upon the fundamental proposition that it is now proposed by the amendment to go further than was ever originally intended. It seems to me that we have reached the place where we must make a very important decision in the matter of policy. It is perfectly proper for the Federal Government to develop the Nation's natural resources and use them to their utmost advantage. But the proposition now appears to be this: There is in prospect the probability that there will be a demand for electric power over and beyond what can be provided as originally intended in the act. There is in prospect a demand for more than the ordinary and proper development by the Government of these natural resources, can provide. It was essentially considered that the hydroelectric energy generated would be developed exclusively and entirely as a result of the construction of the various dams and the improvement of the rivers; but now it is proposed to go a step further. It is proposed to take the step of supplementing with steam plants, built at Government expense, the deficiencies in the water-power potential.

The result of such a policy is bound to be that the Government having undertaken to develop a natural resource when it is found that the cheaper power provided is in great demand, and that the demand exceeds the potential of the hydroelectric development, the Government will then take Federal funds and proceed to tax all the taxpayers in the United States in order that the companies which are attracted to the Tennessee Valley by cheap power may enjoy the subsidy of cheaper power.

It seems to me that that is a very marked departure from what was the original intention. It is a marked departure from the apparent and announced purpose of the act in all the years from the time the enterprise was first conceived up until now. It puts the Government into the field of supplying public power, no matter how it may be supplied, whether by the development of

a natural resource or by the development of a steam plant at tremendous expense.

This is only an initial appropriation of \$4,000,000. I understand that the total will reach an additional \$54,000,000 for the steam plant. So eventually we shall have invested there a very substantial sum.

Mr. HAWKES. Mr. President, will the Senator yield?

Mr. BALDWIN. I yield.

Mr. HAWKES. In addition to the \$54,000,000, does not the project involve an expense of many million dollars more, which would bring the total up to approximately \$85,000,000?

Mr. FERGUSON. \$84,000,000.

Mr. HAWKES. Mr. President, I am thoroughly in accord with what the Senator from Connecticut is saying. I am not against this appropriation because I believe that some other part of the country ought to have it instead of Tennessee. I would not be standing here on that basis. There may be a good argument on that basis; but I am against the proposal as being a fundamental invasion of the private enterprise system of the United States. To me it means the very thing which Chief Justice John Marshall had in mind when he said that the power to tax is the power to destroy. I think that is what the Senator from Connecticut is talking about. If we can tax the people all over the United States and put the Government in business in one section with that tax money, and putting it in business in that section interferes with the free competitive enterprise system, we are getting away from what made America. Is that what the Senator had in mind?

Mr. BALDWIN. I thank the Senator for his comment. This is a deliberate step in that direction.

The proponents of this measure say that those who oppose it are protecting the power interests. But the issue goes a good deal further than that. It goes to the extent of providing cheaper-power subsidies at the expense of the Federal taxpayers, subsidies which I believe will have the effect of taking industries from other parts of the country and moving them to this particular area.

It appears from the RECORD in this particular case that the demand for power in this area, so far as industrial use is concerned, is not a demand from a great many small industries. It is a demand from several large industries which have gone there.

Mr. HAWKES. Mr. President, will the Senator further yield?

Mr. BALDWIN. I yield.

Mr. HAWKES. Last night I had in mind a point which I did not have an opportunity to bring up. I believe that the distinguished junior Senator from Tennessee [Mr. STEWART], a very dear friend of mine, stated that the TVA power had not attracted any new industry. He asked anyone to name the new industries which had been attracted.

I invite the attention of the Senator from Connecticut to the fact that even if it did not attract any new industry, but made the industries which are there grow and develop at the expense of other

industries in competition with them in other parts of the Nation because the industries in the favored section obtained power more cheaply than anyone could furnish it at any other point in the United States because of the use of the taxpayers' money in producing power at a cheaper cost, that would not change my position.

No one in the world knows exactly what the cost is. I have heard the distinguished senior Senator from Tennessee [Mr. McKELLAR] argue that the books and accounting records did not tell us what the cost of the power was in the TVA. I have heard him argue that point time and again.

So I say that in justice to the rest of the Nation, we should support what I believe is the foundation upon which the whole country rests, the protection of the right of the private individual to invest his funds in private business and serve the people in competition with other private individuals, rather than in competition with the Government, which takes tax money out of the pockets of the people through the power to tax. That is the thing which the Senator and I must protect if we are to preserve the American system, the greatest system in the world, to which system the whole world has come twice in the past 25 years for relief from slavery.

Mr. BALDWIN. The Senator is correct, and I thank him for his comment.

Mr. President, I was saying that those who propose this amendment, and those who object to the position which the junior Senator from Connecticut has taken, are prone to cry that we are trying to protect the power interests.

The issue goes much deeper than that. We are not primarily concerned in protecting the power interests of our State or any other. They have done a great job for the economy of the country. They have been well able to take care of themselves. What I am primarily interested in is this: If the industries in any section of the country—in Connecticut, other States of New England, the Northwest, or any other part of the country—are attracted away from those areas by cheap subsidized power in any other part of the country, then the people in the territories from which those industries are withdrawn, or in the territories to which no new industries come, will be without employment. In my own State we are now faced with the prospect in my home town of the removal of a large industry to another part of the United States. We recognize that because of the nature of this industry and its requirements, it probably will have to go to some other part of the country as a matter of policy. But the result will be to leave 7,500 people in that small community without employment which many of them have been accustomed to have over a period of 20 years. So many of those people will be out of work; they will lose their jobs, or else they will have to pull up their roots and move to some other part of the country.

I am primarily interested in that phase of the matter, Mr. President.

Mr. HAWKES. Mr. President, will the Senator yield?

Mr. BALDWIN. I yield.

Mr. HAWKES. From what I heard the Senator say last night, and also from what he has said today, I believe he is no more interested in protecting the private power industry per se than I am. The Senator from Connecticut wishes to see the power industry, as a part of the American free enterprise system, get a square deal.

Mr. BALDWIN. That is correct.

Mr. HAWKES. And the Senator wishes to see the people generally get a square deal, by not having taxes taken from all over the Nation and used in only one locality in a way that is opposed to the people's fundamental interests.

Mr. BALDWIN. That is correct.

Mr. HAWKES. I agree with the Senator as to that. I hold no more brief for that industry than I do for any other segment of the economy of the United States.

Mr. BALDWIN. Mr. President, the Senator from New Jersey is correct. The private power companies employ hundreds of thousands of people, and they represent the investments of literally millions of people.

So we have great conflicting interests here. When the Government steps in, as is proposed to be done in this case, under the guise of developing a natural resource, and then after that development is made, proposes to subsidize something really incidental to the development of that natural resource, the Government is going too far.

There is no more reason why this amendment to make an appropriation for a steam plant in Tennessee should be made than there is that the Congress should enact a bill providing an appropriation for a steam plant in any other part of the United States where additional power is needed; and there are other sections of the United States where the power load now is too heavy for the facilities at present provided.

Mr. STEWART. Mr. President, if the Senator will yield to me, let me say that his observation, which has been repeated several times, that there is a possibility that industry will be drawn from other sections of the United States into the Tennessee Valley is, I think, based upon an improper predicate, because of the fact that, as I am advised, there is nothing on which he can base such a statement. I inquired rather carefully whether the presence of cheap power, as we call it, in the Tennessee Valley, by reason of the TVA, had attracted outside industries; and I was advised that that had not occurred.

As has been pointed out by the Senator from New Jersey, no doubt there has been some growth of industry in the valley by reason of the establishment of new industries, starting from scratch, so to speak. The Senator has pointed to that several times. I agree with the Senator that I do not wish to see the United States Government indulge in any activity which will give any section of the United States an undue and improper advantage over any other sec-

tion. But I do not believe that will be the case in this instance.

Mr. President, for the past 25 or 30 years, and, indeed until the advent of World War II, it has been historically true that in the part of the Southland now served by the TVA, and also in other sections of the South, the youth of our land have been attracted to the large, highly-industrialized centers of the East. They have gone there by the hundreds of thousands. Those whom we had hoped would be our future citizens, those whom we had hoped would build our communities in the years ahead, have left our part of the country, and have gone to the industrialized sections of the East, because in those highly industrialized sections, employment existed in a manner and to an extent not common in the South.

In the South we have come up from an utterly impoverished state to a sort of mediocre industrial activity, and now we are beginning to taste just a little of the better things related to industries. But for 25 or 30 years we saw the youth of the South, both white and black, go to the industrial centers of the East, because of the fact that sufficient industrial employment was not available in the South.

I wish to state one of the reasons for that situation, and it is one of the inequalities which has existed for 25 years. I have fought it with all the power and ability at my command, and many others have fought equally hard to have that situation corrected. Today we are just beginning to see it corrected. I refer to the inequality of the freight rates in the South and Southeast and in the area generally south of the Ohio River. We paid a freight rate on manufactured goods approximately 30 or 40 percent higher than the rates paid in the industrial East. In other words, in Chicago there is a great market for shoes and in New York there is a great market for shoes, because there are more people there. However, a shoe factory in Nashville, Tenn., could not sell to the people in those areas in competition with a factory located in Ohio or in a place as far from that market as Ohio is, for the freight charges from Nashville were approximately 30 percent more on that manufactured article. That was an unfair condition. It was a subsidy to the manufacturers in the industrial East.

Mr. BALDWIN. Mr. President, will the Senator yield at this point?

Mr. STEWART. I yield.

Mr. BALDWIN. That has been corrected; has it not?

Mr. STEWART. It is in the process of correction, and I understand from the Interstate Commerce Commission that possibly 60 to 70 percent of that condition has already been corrected.

I prefaced my remarks with the statement that I do not believe in subsidies and I do not believe in one section of the United States being given by its Government an unfair advantage over another section. Of course, we are certainly entitled to take advantage of natural conditions which exist.

Mr. BALDWIN. Mr. President, will the Senator yield at this point?

Mr. STEWART. I yield.

Mr. BALDWIN. Let me say to my distinguished friend the Senator from Tennessee that I have no objection whatever to having the Government take advantage of natural conditions which exist, and the Government already has taken advantage of the natural conditions which exist there, to the tune of millions upon millions of dollars. What I do object to is having Federal funds used to add artificial, mechanical means to supplement the natural ones; and that is what this proposal is.

If we adopt this policy in connection with the development of every natural resource, eventually we shall supplement our natural resources with artificial, mechanical supplementation, until finally we shall have made that which was at first incidental of primary importance and have completely subsidized the power business in the United States.

If we wish to do that as a matter of policy, of course, it can be done; but I wish to point out to the Senate that that is the direction in which we are about to set out, under the provisions of this amendment.

Mr. STEWART. Mr. President, I say to the Senator from Connecticut that I do not seek any unfair or unjust advantage at all. I do not wish to have the Government subsidize the power interests in that valley.

In order that we may find a common ground on which to stand, let me ask this question of the Senator: He agrees, does he not, that there is proper justification for the improvement of the valley by the building of these dams?

Mr. BALDWIN. I absolutely do.

Mr. STEWART. They are built, of course, for multiple purposes—for flood control and navigation; and, as the Senator pointed out a moment ago, power is incidental.

Then it seems to me that the Government and the people are entitled to have manufactured at those dams such amounts of electrical power as can be manufactured by the hydroelectric elements there.

Mr. BALDWIN. I agree as to that.

Mr. STEWART. Suppose in normal times, by the erection of these dams, we can supply 18,000,000,000 kilowatts, or whatever the number might be, of power; but suppose a drought comes along and cuts down to 15,000,000,000 kilowatts the amount of power which can be generated. That makes for an uneconomical condition; does it not?

Mr. BALDWIN. As I read the charts which were submitted at the hearing, there is yet a tremendous margin of possibility for the development of the hydroelectric potential there. I would say that if we have to have more development of a hydroelectric nature there, let us have it along those lines, but let us not step in with a steam plant to supplement it.

Mr. STEWART. Mr. President, last night it was suggested that in order to make an economic balance—I believe

that is the way it was expressed—the relation of steam power to hydroelectric power should be about 25 percent, in order to come out on the proposition and make it economically practical. At least that is the way businessmen figure it.

Mr. BALDWIN. Exactly. Now, let the businessmen treat it that way. Let it be dealt with that way, because we went into this undertaking, not primarily for the purpose of developing hydroelectric energy; we went into it primarily for the purpose of a navigation program, of a flood control program, and things of that kind. Those were the primary purposes of the project.

Mr. STEWART. But it has become a business, and we are now confronted with the proposition of only 17 percent steam power, and with the completion of other dams, I am advised this morning it will be cut down to about 12 or 13 percent.

Mr. BALDWIN. I understand there is a steam plant down there now standing idle. It could be very well used.

Mr. STEWART. Yes. That was brought out I understand. I endeavored to find that testimony, but the Senate was about to adjourn at that time, and I did not inject myself into the argument because I was not sure about it. That is an old antiquated steam plant which would not produce enough electricity to burn half a dozen old Mazda bulbs, speaking figuratively. It is at Memphis, practically ready to be dismantled. Sixty percent of its output, at the least, I believe, was sold to the electric power company in Arkansas, and I think it has about 40 percent more, but it is not practical to use that plant at all. It is an out-of-date plant located in the heart of the city of Memphis. It could not be expanded. It would not be practical to use it, and I do not think it ought to play any part in the consideration of this suggestion at all, because it could not generate enough electricity even to begin to relieve the situation. The TVA is getting 20 percent of its capacity now.

Mr. BALDWIN. Mr. President, to finish my statement in connection with this subject, I should first like to have the correct figures in the RECORD as to the amount of money it would cost. The appropriation is \$4,000,000. The total ultimate cost is estimated at approximately \$84,000,000. The justification offered for the construction of such a generating plant, as testified in the hearings by the chairman of the TVA, is based upon alleged obligations of the TVA to supply all power demands no matter how great, of the Tennessee Valley area. There is where we have got to make a decision, Mr. President. Are we going to invest Federal funds to furnish all the power for the Tennessee Valley, no matter how great the demand for it may be?

The testimony of the officials of the TVA further indicates that the Authority recognizes that although substantial additional power can be generated by the installation of new hydro generators, it is approaching the limit of the amount of electricity which can be generated by water power harnessed primarily for purposes of flood control and

navigation. Therefore, Mr. President, the original purpose, the original intention for which millions of dollars of Federal funds have been poured into this Authority, is going to be changed, it is going to be diverted, it is going to be enlarged. It is something else than we intended originally it would be.

The proposal to construct this steam plant is based upon the recognition of these two factors, and is intended to provide additional generating capacity to meet the currently estimated requirements of the foreseeable future for electric power in the Tennessee Valley area.

That last paragraph I read directly from the House committee report.

It was originally contemplated that the electric energy generated here would be sold to municipalities and private users and people who were listed as preferred customers, and I think, Mr. President, that is a perfectly laudable thing in the development of a natural resource of this kind.

The point I make is that the reason why the present capacity is overloaded now is because of some big industries that are going there and some other big industries that may very well be attracted there, that will leave people in other parts of the country without employment or else require them to move into this section of the country and compete for jobs with the people already there.

The report goes on to state:

There is no necessity whatsoever for the installation now or in the foreseeable future of the proposed steam plant so far as the preferred class of customers is concerned.

Reading still further from the report:

In fact, at the present time less than a third of the power generated by TVA is used by the preferred customers. The balance is sold to industrial users and private public utility companies, including such companies as the Aluminum Co. of America, the Monsanto Chemical Co., Victor Chemical Works, Reynolds Metal Co., etc.

Mr. President, I strenuously object to taking money from the taxpayers in other parts of the country, particularly from my own New England, and my own Connecticut, to subsidize power to be sold at cheap rates to these tremendously large corporations, and that is why I am speaking in opposition to the provision in the bill.

Mr. KNOWLAND, Mr. COOPER, Mr. McKELLAR, and other Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan has the floor. To whom does the Senator yield?

Mr. BALDWIN. If I may say to the Senator from Michigan, I should like to be permitted merely to finish my remarks.

Mr. FERGUSON. I yield to the Senator from Connecticut.

Mr. McKELLAR. Mr. President, will the Senator from Connecticut yield at this time?

Mr. FERGUSON. The Senator from Connecticut does not have the floor.

The PRESIDING OFFICER. The Senator from Michigan has the floor, and he has yielded to the Senator from Connecticut.

Mr. FERGUSON. I yield to the Senator from Tennessee for a question.

Mr. McKELLAR. The Senator evidently did not hear the testimony taken in this very case. The statement was made time and time again that we would take into the Valley business and industries from other parts of the country. Then we the witnesses would be asked the question, "Whom do you know that has gone from your State or from anywhere else down to the Tennessee Valley? Who is it? What business has been lost to your part of the country? Can you name a single one?" Without exception, and I ask those who are on the committee to confirm what I say—the witnesses replied they did not know of a single concern that had moved to the Tennessee Valley from another part of the country. The Senator from Connecticut is mistaken in his facts. The testimony is not that way. The testimony is the other way.

Mr. BALDWIN. I thank the Senator for his comment.

Mr. HILL. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. HILL. I know the Senator from Connecticut wants to make a speech, and I hesitate to transgress, but the Senator is reading a report from the House committee, which report I very earnestly submit was based on misinformation, on untruths and half-truths submitted by the power companies through their representatives here in Washington, Mr. Purcell Smith, and others. Mr. Smith, himself, in a meeting of the Senate committee, with the charts and graphs which he had presented to the House committee, and which he brought to the Senate committee, admitted they were not true, were not accurate. On page 269 of the hearings, the Senator will find that admitted when I asked Mr. Smith some questions. I merely want to read this question, addressed to Mr. Smith:

Senator HILL. Then the truth is these graphs that you have here really—may not be your fault—but they do not present a true picture, do they?

Mr. SMITH. Certainly not.

I suggest to the Senator that he, in my time, analyze the graphs and charts presented by the power people. He will then see wherein they are misleading, wherein they are not true, wherein they are false. I submit that the report from which the Senator is now reading was based upon those misleading and untrue charts, and, therefore, the report is not a correct report, because it is based on incorrect information.

Mr. BALDWIN. What is right and what is wrong is often a matter of opinion, but the fundamental fact remains, Mr. President, that when at the expense of customers who pay the rates and stockholders who advance the money and others who are willing to invest in the enterprise, all the facilities have to be built by private means in one part of the country, and then like facilities are constructed out of public tax funds in some other part of the country, the price of the power which is generated by the investment of public funds is bound to be cheaper. It is just as simple as that. That is exactly the direction in which we are moving here. We are moving in the direction of subsidizing power. If we want to do that, it is a matter of policy.

We can do it, but we should know what we are doing before we undertake it.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. BALDWIN. I yield.

Mr. COOPER. Mr. President, I always have great admiration for the logic Senator, but in this instance I submit that his argument is based upon a misapprehension and an unjustified assumption. He assumes that Congress is being asked to appropriate money to build this plant solely for the purpose of supplying anticipated demands in the Tennessee Valley. I know the Senator is a good lawyer, and I want to ask him if it is not true that Congress has authority to appropriate money to build this plant if its construction is necessary to balance and firm the power generated by the dams in the Tennessee Valley.

Mr. BALDWIN. I think the Government has the power to spend the taxpayers' money for any reasonable public purpose. The question with which we are concerned is not a question of legal power. I am not attacking this amendment on the ground of constitutionality, but on the ground of national policy. I say that when we subsidize power in one part of the country, eventually we shall retard the development of other parts of the country where the people generate their own power and its generation is not supported by Federal funds.

Mr. COOPER. I address the Senator now upon the question of policy. Would the Senator say that it is good policy to authorize the Tennessee Valley Authority to construct dams and to develop hydroelectric power, and yet to deny it the authority to construct sufficient steam plants to firm and sell efficiently the power developed at the dams?

Mr. BALDWIN. I would say that when the Federal Government embarks upon the appropriation of millions of dollars for the ostensible purpose of flood control, improvement of navigation, and incidentally supplying hydroelectric power to municipalities and private owners, and then embarks upon another tremendous program of constructing steam generating plants in order to supply electricity to some other part of the country, it is a marked departure from what was originally intended.

Mr. COOPER. I submit that the Senator has not answered my question. I asked the Senator if he thought it good policy to appropriate money to build dams and permit the distribution of power from the dams, and yet deny the Authority the power to build sufficient steam plants to market efficiently the power developed at the dams. I think the Senator will admit that private companies producing hydroelectric power find it necessary to build steam plants. Does the Senator think that it should not be done by the Tennessee Valley Authority?

Mr. BALDWIN. I say, very definitely, that as a matter of policy it should not be done. The Tennessee Valley Authority started as a navigation proposition, a reforestation proposition, a flood-control proposition. The power-generating feature was incidental. If, in order to make the power element efficient, we have to appropriate Federal funds, there will be no end to it. If a steam-generating,

plant costing \$84,000,000 will not supply sufficient power, we will have to have another \$84,000,000 plant, and then another, ad infinitum, to supplement the hydroelectric development. I have no objection to a steam plant being erected, but let it be paid for in the same way it is done in other sections of the country.

Mr. COOPER. I again submit that the distinguished Senator has not answered my question. The point I am making is this: The courts and the Congress have said that money can be appropriated to build dams and that there is authority to dispose of the power developed at the dams. If there is the right to dispose of the power, there is authority to do so efficiently, and of electric energy developed there, it follows that we should appropriate sufficient money to build such steam plants as will enable the Tennessee Valley Authority to efficiently dispose of the power. There is a distinction between my point and the statement of the Senator from Connecticut a few minutes ago.

Mr. BALDWIN. There is nothing in the bill which says that.

Mr. COOPER. The facts developed show that the steam plant is to be constructed to secure sufficient power to balance and firm the power produced at the dams. There is a great difference between such an objective and the objective of supplying large industries, which the distinguished Senator states is the purpose of the appropriation.

I desire to correct my good friend on his reference to \$84,000,000 as the cost of the project. If he will study the testimony of Mr. Clapp, he will find that Mr. Clapp makes it clear that the cost of the steam plant is \$54,000,000, to be expended on three sections, and that the first section to which the pending appropriation would apply will cost \$22,500,000.

Mr. BALDWIN. The amount is not of primary importance; so far as the principle is concerned, it is more or less incidental. I took the figure of \$84,000,000 from page 12 of the House report on the bill.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. BALDWIN. I yield.

Mr. FERGUSON. I should like to reply to the Senator from Kentucky. As I understand his argument, it is that if the United States Government erects in a river valley a large dam for the purpose of flood control, and there is a flood, the maximum amount of water in the dam at the peak is used as a basis for the computation, and if for 2 or 3 days power is generated at that peak, after that they are entitled to erect steam plants or other plants to generate that amount of power the remainder of the year until the next flood comes. That is exactly the argument here.

Mr. BALDWIN. That is exactly it.

Mr. COOPER. I disagree. I say there is a second question involved: Is it good policy? In the case stated by the Senator from Michigan, no one would say it good policy to construct steam plants.

Mr. FERGUSON. In what part of the year do they generate the peak?

Mr. COOPER. In the case of TVA, we have spent millions of dollars. We have

appropriated year after year money to construct dams. It is evident that the construction of this steam plant is required to balance the production of power in the valley, and it is good policy in this case.

Mr. FERGUSON. I heard the testimony and I have read it. The testimony does not bear out that statement. The testimony is the cities intend and expect to grow in the next 2 or 3 years, and if power were generated from the steam plant it would be available for the industry that is coming in.

Mr. COOPER. I do not want to disagree with the Senator as to what he heard. I suppose it is written down in the record. I should like, however, to read what Mr. Clapp said on this point.

Mr. FERGUSON. We have had experience with Mr. Clapp's testimony. I want to relate to the Senate at this time that last year the Authority was given approximately \$3,000,000 in connection with the South Holston and Wataguga Dams, and Mr. Clapp, as manager of the TVA, used the money, not on the dams, but for what he called resource development. That is shown by the official record. So the record is clear as to what they want to use the power for.

Mr. HILL rose.

Mr. COOPER. I should like to read, if the Senator will permit—

The PRESIDING OFFICER (Mr. TOBEY in the chair). Does the Senator from Michigan yield; and if so, to whom?

Mr. FERGUSON. I yield to the Senator from Alabama.

Mr. HILL. Is it not true that there was a disagreement or misunderstanding between the Senate conferees and the House conferees about the expenditure of the \$3,000,000, and the TVA did spend that money, as the Senator has said, but in accord with what was the view of the House conferees?

Mr. FERGUSON. Mr. President, this is what happened. Mr. Clapp had some friends in the House who were favorable to it, and he went to them and got an opinion. He then went to the Bureau of the Budget and received an adverse opinion. He never came near the Senate conferees until after they discovered what he was doing, and then they called him in for an examination. That is what Mr. Clapp did. That is the way Mr. Clapp has treated the Senate of the United States.

In this connection I submit an extract from a letter from Mr. F. S. Lawton, Acting Director of the Budget, to Mr. Gordon Clapp, and ask that it be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXTRACT FROM LETTER DATED OCTOBER 3, 1947, FROM BUREAU OF THE BUDGET TO MR. GORDON CLAPP

This leaves for consideration the following allocations from the new appropriations:

(a) Investigations, future projects.....	\$299,000
(b) South Holston-Wataguga Dams.....	2,320,000
(c) Chemical plant.....	3,243,000
(d) Resource development.....	5,490,000

The budget provided \$90,000 for item (a) Investigations. The record indicates that this figure was acceptable to both House and Senate. The allocation of \$299,000 to this work, despite a congressional cut of 30 percent in the total new appropriation requested for TVA would, in the absence of extraordinary justification, be at least questionable.

In justifying your budget before the Congress you urged the necessity of \$5,254,000 new appropriation as an addition to \$12,056,000 of carry-over funds, or a total of \$17,310,000 to carry forward the work on the South Holston and Watauga Dams according to schedule in fiscal year 1948. The House, assuming a \$12,056,000 carry-over, cut the new appropriation item to \$3,254,000. The Senate eliminated provision of new funds for these projects. The conferees restored the \$3,254,000. You have allocated \$2,320,000.

Your Miss Owen informs us that while the conferees were at work on the bill she, in response to a request for the minimum sum necessary to continue the work on the two dams on schedule, gave the House Clerk serving the conferees a figure of \$13,910,000. This with a carry-over allocation of \$12,056,000, of which the conferees were doubtless aware, would have required new funds in the amount of \$1,854,000. The conferees, nevertheless, provided \$3,254,000, and the bill as enacted specifies "not to exceed" this sum for these two projects.

Miss Owen has also informed us that two minority Members of the House conferee group have assured her that it was the intention of the conference committee that, if TVA had any funds not necessary for the dam construction work, such funds could be used for resource development work and other features of the agency program. Accepting all this, the fact remains that the \$18,700,000 finally appropriated included "not to exceed \$3,254,000" for these projects, and there is nothing in the record to indicate that less than that sum would be necessary. In addition, you had urged, in presenting the budget to both House and Senate, that \$5,254,000 would be necessary, plus carry-over, or a total of \$17,310,000. Even though this entire sum were available for 1948, additional funds would be necessary for 1949, 1950, and 1951. Obviously the more done in 1948 the less needed in subsequent years.

It is, therefore, most difficult for us to find any basis for advice to anyone that less than the budgeted amount would be necessary in 1948, or for a finding by you that of the \$3,254,000 earmarked for these projects in the appropriation act, any amount could be regarded as "left over" or "not necessary for 1948 construction."

The budget as submitted to Congress provided for chemical plant new money in the sum of \$8,686,000. The House cut this to \$6,686,000. The Senate, aware of the probability that your carry-over would be \$15,000,000 instead of \$12,056,000, cut this item to \$3,000,000. The conferees restored it to \$5,000,000 and the bill earmarked "not to exceed" \$5,000,000 of the new appropriation. You have allocated \$2,216,000 of carry-over plus \$3,243,000 of the new appropriation, or a total of \$5,459,000 to this project. This allocation is \$3,227,000, or 37 percent below the budget, and \$1,227,000 below the House-approved figure. Apparently there has been no statement or suggestion by anyone, except as inferred by your allocation, that your budget request of \$8,686,000 did not represent the minimum necessary for 1948.

With respect to resource development, the budget provided \$6,000,000. The House approved \$5,500,000; the Senate, \$3,000,000. The conferees' intentions with respect to this item are not entirely clear, but by eliminating the items which are not in dispute between the Houses of Congress, and considering "not to exceed" \$3,254,000 earmarked for the South Holston and Watauga Dams and "not to exceed" \$5,000,000 for the chemical-

plant project, there would remain \$3,328,000 for resource development. Your allocation is \$5,490,000—within \$10,000 of the House figure, \$2,490,000 above the Senate figure, \$2,162,000 above the conference figure indicated by the record, and only 9-plus percent below the budget figure.

Again, without questioning the statements given us of the intention of the conferees that any of the new funds appropriated found not necessary for dam construction in 1948 might be used for resource development or other features of your program, it is still contrary to all established precedent and practice to assume that the Congress, in specifying "not to exceed" \$3,254,000 of the new appropriation for the dams and \$5,000,000 for the chemical plant, entertained any feeling that these allowances were materially larger than actually necessary for the purposes stated, or that other than minor amounts would be diverted from these projects.

Quite aside from the legislative history and intent with respect to these matters, your fund allocations as they now stand bring into question the soundness of the executive budgetary process. This is illustrated by the fact that in applying the congressional cut in new appropriation proposed, the great burden of that cut is placed upon the dams and chemical plant for which additional money must sooner or later be provided, while resource development, and administratively controllable activity, is reduced but slightly, and the allocations for investigations, similarly controllable, is more than triple the amount contemplated by the budget transmitted by the President to Congress.

In view of the President's budget recommendations and the subsequent action by the Congress, it appears that the \$3,254,000 maximum specified in the appropriation act for the South Holston and Watauga Dams, and the \$5,000,000 similarly earmarked for the chemical plant would be required to meet the minimum needs of these projects either this year or in 1949 and, therefore, should be so applied. If circumstances have arisen which now make it impracticable to proceed with these projects at the rate which these sums make possible, the unusable portions of the funds appropriated for these projects should be placed in budget reserve, at least until your 1949 budget estimates have been reviewed here. It is requested, therefore, that the Form 1 given temporary approval last month be reconsidered by you; that the underlying fund allocations be appropriately adjusted, and that a Form 2 be submitted to modify the existing apportionment and reserve pattern. We should also appreciate your furnishing a revised supplemental statement of your fund allocations.

Sincerely yours,

F. J. LAWTON,
Acting Director.

HON. GORDON R. CLAPP,
*Chairman, Board of Directors,
Tennessee Valley Authority,
Knoxville, Tenn.*

Mr. HILL. Will the Senator from Michigan yield to me for a moment?

Mr. FERGUSON. I yield.

Mr. HILL. Mr. Clapp went to the chairman of the House subcommittee, Representative PLOESER, on this matter, and got the understanding from Representative PLOESER that the money could be expended just as TVA did expend it. There was some misunderstanding, I understand, between the House conferees and the Senate conferees, and Mr. Clapp did go to Representative PLOESER, the chairman of the House conferees.

Mr. FERGUSON. Mr. President, if the situation was as it is claimed it was, that it was necessary to get more power to firm up the hydroelectric power, then

why did Mr. Clapp get an appropriation of some \$3,000,000, and not use it in the construction of dams, from which he could have obtained hydroelectric power, but use it on resource development? They would not need this power until about 1949, 1950, 1951, or 1952. They did not ask for the money last year to start this steam-power plant, because they did not need it. They did not need it, as shown by the fact that they did not use the money on the Holston and the other dams. No; Mr. Clapp wants an empire of his own, and when it comes down to the record, the record speaks volumes as to what Mr. Clapp has been doing.

Mr. BALDWIN. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield to the Senator from Connecticut.

Mr. BALDWIN. In drawing my already overly extended remarks to a close, there are just two things I should like to add. I should like to read briefly from a letter which was written by the Connecticut Development Commission, through its chairman, Mr. Willard B. Rogers, to Hon. WALTER C. PLOESER, chairman of the subcommittee in the House, in charge of the hearing on this appropriation bill. He said:

The Connecticut Development Commission, whose purpose is to encourage the economic development of the State of Connecticut, is greatly concerned over the implications involved through further Federal subsidies to the Tennessee Valley Authority, such as the one now proposed involving construction of a steam-power plant at New Johnsonville, Tenn.

We understand that the present and future shortages in power output are caused by the additional needs of large manufacturers which have been encouraged to locate in that area because of the low power rates made possible through Federal subsidies.

Then he proceeds further to say:

If it now becomes a Federal policy to subsidize steam power plants in direct competition with privately owned utilities and if the resultant lower rates are to be used as an incentive to attract industries away from present industrial regions, such as Connecticut, we feel that this is not only unfair competition to the industries now providing the bulk of the taxes—

And, I may incidentally add, the bulk of employment in our own State—

which make Federal subsidies possible but it is particularly unfair to their employees whose continued employment and wages depend upon their profitable operation.

Mr. President, I ask that this letter from the Connecticut Development Commission be printed in the RECORD at this point.

The PRESIDING OFFICER. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HARTFORD, CONN., April 1, 1948.
HON. WALTER C. PLOESER,
*Chairman, Subcommittee on Government Corporations,
House Appropriations Committee,
House Office Building,
Washington, D. C.:*

The Connecticut Development Commission, whose purpose is to encourage the eco-

nomic development of the State of Connecticut, is greatly concerned over the implications involved through further Federal subsidies to the Tennessee Valley Authority, such as the one now proposed involving construction of a steam power plant at New Johnsonville, Tenn.

We understand that the present and future shortages in power output are caused by the additional needs of large manufacturers which have been encouraged to locate in that area because of the low power rates made possible through Federal subsidy.

It is our further understanding that such use of TVA electric power is definitely at variance with the original concepts of TVA and the act of 1933 which required TVA to give preference to States, counties, municipalities, and cooperative organizations not organized for profit.

If it now becomes the Federal policy to subsidize steam power plants in direct competition with privately owned utilities and if the resultant lower rates are to be used as an incentive to attract industries away from present industrial regions, such as Connecticut, we feel that this is not only unfair competition to the industries now providing the bulk of the taxes which make Federal subsidies possible but it is particularly unfair to their employees whose continued employment and wages depend upon their profitable operation.

If the large industrial users of that region need more power than is currently available through the hydroelectric plants operated by TVA, why is it not in the interests of national economy and fair dealing to insist that such needs be supplied by privately owned and financed enterprises rather than inflict further financial demands on an already overtaxed public?

If in the interests of national defense, as well as in the interests of maintaining a strong economy throughout the country, we feel that private enterprise and the investment of private funds should be encouraged rather than discouraged. It is our further feeling that the competitive effect in other parts of the country should be carefully weighed in each instance.

We can see no essential difference between a federally operated enterprise and a privately operated enterprise where the Government guarantees such a company against loss. Either type of operation is bound to promote inefficiency and can only be justified at a time of national emergency.

CONNECTICUT DEVELOPMENT COMMISSION,

By WILLARD B. ROGERS, *Chairman.*

Mr. BALDWIN. Mr. President, as a further evidence of how the whole conception of this Tennessee Valley Authority has changed I should like to read a brief excerpt from what is represented to be the testimony given on January 8, 1937, which appears in the United States Circuit Court of Appeals Record, the Sixth District, at the time when the constitutionality of the TVA Act was being challenged. This is the statement:

It is true that by the terms of the Tennessee Valley Authority Act the steam electric generating plant located at Sheffield, Ala., near Wilson Dam, was turned over to the defendant Tennessee Valley Authority. But the defendants allege that the said steam electric generating plant has not been and is not being operated and that there is no plan or intention to operate such plant now or in the future, or to construct or operate any other steam electric generating plants.

There was a representation made in 1937 that there were going to be no steam generating plants in this area to supplement this particular development of a

natural resource. Yet as the demand for increased power has come, there has been a demand for steam plants, and as a greater demand for power comes from the cheaper rates, there will be an increased demand for steam plants, until the Federal Treasury will be pouring in literally millions of dollars to supplement by steam generated electricity that was originally intended to be supplemental to a navigation development and reforestation plan.

Mr. President, that is not a policy which we as a government should develop. We should devote Federal funds to the development of those natural resources which can be developed with public funds, and in no other way, for the use of the people in a particular locality, but when the full potential of such a development has been absorbed, and the question comes as to how we are going to increase that potential, then I submit that every part of the country should be on the same basis as to the manner in which these facilities are provided. If we are to provide power with public money in one part of the country, then let us provide it with public money in all parts of the country, but we will be departing from the course we have hitherto followed with great success.

Mr. HILL. Mr. President, will the Senator from Connecticut yield a moment?

Mr. BALDWIN. I yield.

Mr. HILL. The Senator referred to some language in connection with a decision in 1937. Is the Senator familiar with the act which Congress passed in 1939 amending the TVA Act?

Mr. BALDWIN. I am not familiar with that.

Mr. HILL. If the Senator is not familiar with the act of 1939, I can understand how the Senator may perhaps see this situation as he does. The 1939 act, I will say to the Senator, was the act passed by Congress which authorized the TVA, through mutual arrangement and mutual negotiation, to buy out the private power companies in the TVA area.

By that act Congress authorized and made the TVA the monopoly power generator and distributor in the Tennessee Valley. When we did that, the situation changed entirely in the Tennessee Valley, so far as power was concerned. No longer were there private power companies serving cities, towns, industries, REA's, or anybody else. Then and there, by that act, TVA became the one, sole and only generator and distributor of power in that area. That changed the situation very greatly. The people in that valley today have but one source of power available to them, namely, the TVA.

Congress was wise in doing what it did in establishing the TVA.

Mr. BALDWIN. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield.

Mr. BALDWIN. I may say to my friend from Alabama that the argument he is now making bears out exactly what I have said, that we started in on the TVA as a reforestation, navigation, and flood control project, and then in 1939 we changed it into something else. How? By legislative enactment. Now it is pro-

posed that more law be enacted to change it, and to pour millions of dollars of Federal funds into the Authority. That is exactly what I am talking about.

Mr. HILL. The Senator will find that in the original act we provided for the development of the Tennessee Valley Authority to be a coordinated and integrated development of all the resources of that valley predicated, of course, on navigation, on reforestation, on flood control, on power, and all those things. But we envisioned the very thing that has transpired, and it finally came to pass when we enacted the law of 1939.

Mr. CAIN. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield.

Mr. CAIN. I wonder if the Senator from Alabama has an answer to the query that runs in my mind. If the proposed appropriation fails to be approved do we have adequate reason to assume that the Tennessee Valley Authority has authority to go ahead and build the facility anyway? So far as I know the Tennessee Valley Authority is not accountable to Congress for the way in which the Tennessee Valley Authority spends its earnings. The Tennessee Valley Authority reports to the Congress on an annual basis, on the basis of what it has spent, but not on the basis of what it intends to do in the future. So I am wondering to what extent the Tennessee Valley Authority will go ahead and do what conceivably might be denied by the Senate?

Mr. HILL. I would say that no matter how much the TVA feels that it is wise and prudent and necessary to build the plant, it would not attempt to build it if the Congress by its action said it should not do so.

Mr. CAIN. I merely raised the question, and I am very much pleased by the answer of the Senator from Alabama.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. KNOWLAND. Mr. President and Members of the Senate, I intend to take but little of the time of the Senate in a discussion of the matter of the TVA steam plant in the Tennessee Valley. However, it happened to have been my privilege about a year and half ago to go down into the Tennessee Valley area. I went there in somewhat of a skeptical frame of mind because—like many Members of the Senate—I had heard arguments on both sides of the question, and wanted to go down and have a look-see for myself. It has been contended in some areas that the TVA is a vast experiment in State socialism. I want to say that what I saw in the various States and cities that comprise the Tennessee Valley area convinced me that it is no such thing, but rather it is a great encouragement to the American free enterprise system. It is true that by act of the Congress of the United States we have set up a Tennessee Valley Authority and have given it certain powers in the matter of the distribution of electric energy, and certain other powers granted it by the Congress of the United States. But by the use of that power, by the use of the transportation facilities made avail-

able to the Authority, by the flood-control projects which we have built there, I think we have made a great investment in the future of America.

Mr. President, I happen to be one of the Members of the Senate who believe that something that is beneficial to one section of our great country is ultimately beneficial to all sections of our country.

During the past few years this Nation has made great investments in other areas of the world, and I think that it was fitting and proper that we should do so, because we have learned that we live in one world, and when there is chaos and war and revolution we cannot be unconcerned thereby.

By the same token, Mr. President, I believe that when we add to the economic advancement of the great Tennessee Valley area we are adding to the wealth of our Nation in every section of our Nation.

I listened very carefully to the arguments which were made today and last night on the subject, and I sat through most of the committee hearings, and have read those hearings when I could not attend some of the sessions. It strikes me that we have, as President Cleveland once said, a condition, and not a theory confronting us.

Some of the arguments which have been made in opposition to the TVA might well have been made perhaps in 1937—at least if one has that point of view—they might even have been made in 1939. But the fact remains, Mr. President, that we have established this Authority. We have said that the Authority has the power facilities down there for the generation and the distribution of electric power. So as a very practical matter, no private power company is going to go into the middle of the Tennessee Valley area and build one steam-generating plant for the firming up of electric power. It just is not going to be done. What does that mean, Mr. President? It means that if we do not advance the Authority the funds—loan it the money, so to speak, to build this steam plant, and the money will be repaid to the Federal Government—the Authority will not have the plant which good business judgment indicates it should have in order to firm up the electric power energy in that vast area of the Tennessee Valley.

Consequently, Mr. President, I say that we have a heavy responsibility upon us on the floor of the United States Senate today, because it is my judgment that if we deny the Authority the right to build this power plant in the Tennessee Valley area, we in effect put that vast area in chains as far as its future development is concerned.

I think the situation there is entirely different than it is in other sections of the Nation, because in no other section of the Nation have we set up a TVA. Men can quite properly question the advisability of having set up that TVA, or of setting up any similar agencies elsewhere in the Nation, and men may honestly differ as to the public policy involved. But in the Tennessee Valley we have already done it. It is an accomplished fact. It is not a theoretical discussion. We have created such an

agency there, and now to deny the Authority the right to have the facilities it needs properly to serve that area is, I repeat, to put that area in chains. I do not think the Senate of the United States should do that.

What are the facts of the situation? As of the present time the percentage of steam capacity to total generating capacity of TVA is down, as I remember the figure, to about 16 percent of the total hydroelectric capacity. What would happen in this vast area of the Tennessee if this were a privately owned public utility? Well, we fortunately have some figures in the RECORD which will indicate what would be done. Senators will find on page 47 of the RECORD that as far as the privately owned companies are concerned their "steam plants as approximate percentages of total generating capacity" are as follows: The Alabama Power Co., 43 percent; the Carolina Power & Light Co., 34 percent; the Duke Power Co., 51 percent; the Georgia Power Co., 53 percent; the Niagara-Hudson, in New York State, 48 percent, and the Pacific Gas & Electric Co., 38 percent.

If we let the TVA build this generating plant which it needs to firm up its power, and we provide the funds, it will only bring that percentage up approximately 20 percent, which will still be far below what any well-operated privately owned public utility would require in the United States.

Mr. President, I think we should carefully consider the situation. I happen to come from an area of the country which has recently suffered a brown-out as far as electric power is concerned. Like the Tennessee Valley, our section of the Nation is growing. Yet with all the power facilities which could be provided by the privately owned utilities and the power facilities which could be provided by the publicly owned utilities, we have been still short of an adequate power supply.

Criticism is made for the directors of TVA that they are coming here and doing some advance planning. I do not believe that they should be criticized for that. I believe that they should be congratulated for doing it. Unfortunately over a period of years private power companies in my area of the country have come before the Congress of the United States and have attempted to block the development of hydroelectric power and transmission lines in the State of California. I regret to say they have had some success. By so doing they contributed to the brown-out we had this year, which adversely affected industry in California, which in turn adversely affected employment, with a resulting adverse effect upon the tax revenues which flowed into the Federal Treasury.

The fact of the matter is that, according to the testimony before the committee, in 1934 the Tennessee Valley region contributed roughly 3.3 percent of the tax revenues. Because of this investment we have made in the Tennessee Valley area, by 1949 that percentage had increased to 6.2 percent. I think that is a fine contribution to the future of our country.

If we were managers of a business concern, if we had the responsibility for this vast power development, and if the facts were as they are here today I am convinced that we would make this steam-plant investment in that vast area of our country. Unless we permit this plant to be built, no one else is going to build it. Our failure to build it may in turn lead to a vast power shortage in the Tennessee Valley area.

Mr. STEWART. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. STEWART. I think the Senator has made a wonderful statement. His argument is a 100-percent high-class contribution to the discussion.

I should like to ask the Senator one or two questions. Did it not appear in the hearings, and is it not a fact as a matter of law anyway, that an amortization plan has been devised by which the Government is being reimbursed for its entire investment?

Mr. KNOWLAND. Yes.

Mr. STEWART. On a 30- or 40-year basis.

Mr. KNOWLAND. On a 40-year basis, I believe.

Mr. STEWART. Is it not a fact that the earnings of the Tennessee Valley Authority were about \$97,000,000 last year? Does the Senator remember the figure?

Mr. KNOWLAND. I do not recall the figures.

Mr. STEWART. At any rate, it is a going concern. It is making money. It is not in the red. It is not being subsidized.

Mr. KNOWLAND. I will say to the Senator that when we make an investment in an area like that and part of it is chargeable to flood control, part to navigation, and part to power development there will always be arguments, and men will honestly differ as to what percentage should be applied to each. The earnings will vary, depending upon what the percentage is. But so far as being an investment for the good of America is concerned, regardless of what the allocation is, I believe that the return will be one hundredfold, in comparison with the return on a great many investments which we have made elsewhere in the world.

Mr. BALDWIN. Mr. President—

Mr. STEWART. Mr. President, I should like to make one further point.

Mr. KNOWLAND. I yield first to the Senator from Tennessee.

Mr. STEWART. Of course, the question which is being considered here is whether or not this steam plant can be justified chiefly upon the basis of firming up the power which now exists or is latent in the hydro development. I invite the Senator's attention to the statement at the bottom of page 45 of the hearings, at the conclusion of Mr. Clapp's statement:

The virtue and the necessity for this steam plant, therefore, is to firm up and help us make more useful the water power that we can generate from the river.

Senator KNOWLAND. You are only recommending here what any well-run privately owned public utility would recommend in

running a business, and that is that you be able to serve your customers with a firm supply of power regardless of what the weather conditions might be in a year. If you are not able to take that, you are not able to do your job.

Mr. CLAPP. That is correct, sir.

Does not that practically sum up the entire testimony in the hearings?

Mr. KNOWLAND. In answer to the question raised by the Senator from Tennessee, let me say that if I had not been convinced at the hearings that this plant was legitimately needed for firming up power, I would not have supported the amendment in the committee. After all, spending an additional \$4,000,000, which is merely the first installment on a larger investment, would not be justified, in my opinion, if this were a small and extraneous addition which was not needed, and could be better handled otherwise. I believe that the overwhelming weight of the evidence shows that, based upon good business judgment, if a privately owned utility were in the same position as TVA, it would long ago have started to make plans and to lay the foundations for the steam plant. Obviously a number of years will be required to construct it. A private utility company with a progressive outlook would have begun to plan years ago, rather than run the danger of being caught short, as we have been caught in the State of California. Other sections of the country have been faced with power shortages.

It is planned to have an adequate supply of power when it is needed. I do not need to tell the able Senator from Tennessee that if we had not had this source of power available in the Tennessee Valley the war effort of this country would have been greatly handicapped.

I happen to be a member of the Joint Committee on Atomic Energy. The great atomic plant at Oak Ridge is there primarily, in my judgment, because this source of power existed. The other great plants, which contributed to the war effort by supplying aluminum needed in the Air Forces, are there because there is an adequate supply of power.

We talk about national defense. Should we ever be challenged again from any section of the world, we shall need an adequate supply of power. In my judgment if war were to come tomorrow, one of the weakest links in our entire industrial situation as related to our national defense would be a shortage of electric energy.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. FERGUSON. Is there anything in the RECORD to show that any power from the hydro plants in the Tennessee Valley was used at Oak Ridge? Is not the record void of such evidence?

Let me ask a second question. Is there anything in the record to show what Mr. Clapp said was the amount of power which needed to be firming up?

Mr. KNOWLAND. I believe that a set of charts was exhibited to the committee, indicating that, based upon the present situation, to say nothing of the situation as it will appear in 1952, there

will be a shortage of firm power in the TVA area.

Mr. FERGUSON. But today there is no shortage of firm power. It is the anticipated industrial development which will demand more power.

Mr. KNOWLAND. No; I do not think that is correct, as I read the testimony and the charts.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. COOPER. I believe the Senator made the point a few minutes ago that the ratio of power produced at steam plants to power produced at hydroelectric dams, is larger in the case of private companies throughout the country, than in the Tennessee Valley.

Mr. KNOWLAND. That is correct.

Mr. COOPER. Would the Senator say that this disparity is evidence of the fact that there is a lack of balance in TVA today between steam and water power?

Mr. KNOWLAND. I think there is no question about it. A properly operated utility company—I do not care whether it is a private company or a public company—cannot operate efficiently if it sells to its customers merely based upon the peak-load capacity, so to speak. That fluctuates. But when a utility signs a contract, it must be prepared to deliver the power, both during good times of production and had times of production. If it is not able to do that, obviously it cannot satisfy its customers, whether they be industrial plants or private consumers.

Mr. COOPER. Is it not true that two additional dams are now under construction, and that their completion will increase the imbalance between steam-generated power and hydroelectric power in the TVA system?

Mr. KNOWLAND. That is correct.

Mr. COOPER. I should like to ask another question. The Senator stated that, in his opinion, failure to construct this plant will result in a deprivation of power to customers in the Tennessee Valley. The arguments made by the distinguished Senator from Connecticut [Mr. BALDWIN] and other Senators who oppose the construction of this steam plant, are based almost entirely on the assumption that this plant is being built to supply certain large industrial consumers: Was there testimony at the hearings to the effect that there are many rural electric cooperatives in the Tennessee Valley in Tennessee, Kentucky, Virginia, and North Carolina?

Mr. KNOWLAND. I do not recall the exact number.

Mr. McKELLAR. It is a very large number.

Mr. KNOWLAND. But I know there are a large number of such customers.

Mr. McKELLAR. There are a large number of them.

Mr. COOPER. Is it the Senator's opinion that a failure to build this plant will deprive the atomic energy plant at Oak Ridge of needed power in time of emergency?

Mr. KNOWLAND. If anything should cut off the fuel supply to the steam plant there, the availability of a source of adequate power would be of tremendous in-

terest and, I think, would be an absolute necessity to the plant at Oak Ridge.

Mr. COOPER. A few moments ago, I think, the Senator from Michigan said he did not recall any testimony about deliveries of power to Oak Ridge. I should like to call his attention to page 59 of the hearings. Mr. Wessenauer, power manager of the TVA, stated as follows, speaking in regard to certain charts which had been introduced:

The sales shown on that chart, however, are actually sales to the municipalities and cooperatives. The total shown by the utilities did not include sales to the Government for its own use, the largest use being at the atomic-energy plant at Oak Ridge.

Further down on that page we see that he said the following:

Because it may disclose energy deliveries to the Atomic Energy Commission, we cannot put this chart in, but I do have some others which can go in.

Mr. FERGUSON. Then there is no record that any power actually went there.

Mr. COOPER. There was the flat statement that the largest use by the Government was for the atomic-energy plant at Oak Ridge.

Mr. SPARKMAN. Mr. President, will the Senator yield to me?

Mr. KNOWLAND. I yield.

Mr. SPARKMAN. I am sure the Senator from California will remember, in connection with the statement about nothing being shown in the record about Oak Ridge, that when I appeared before the subcommittee and made a statement, I urged the subcommittee to hold an executive session in order to go into that very question; and I said it was something that ought not be spread on the public record. I also suggested that the subcommittee go into the whole question of the defense requirements down there.

Mr. KNOWLAND. I recall the situation. As I have stated, I did not want to go into a detailed discussion on that point.

I know a chart was presented, and I know a specific request was made that it not be placed in the record.

Mr. SPARKMAN. Mr. President, will the Senator yield for another question?

Mr. KNOWLAND. I yield.

Mr. SPARKMAN. A few moments ago the Senator from Michigan, I believe it was, stated that the additional power to be provided by this proposed steam plant would be used primarily to supply industries which were expected to develop in that area. As a matter of fact, I should like to invite the attention of the Senator from Michigan and the attention of other Senators to the chart appearing on page 62, in which it is shown that the great increase over the past years and the great increase in the years ahead lies with preference customers; and they are defined—as a matter of fact, they are defined in the act itself, by the wording of Congress—as Government agencies, municipalities, and rural cooperatives.

The chart shows virtually no increase whatsoever to private industries.

Mr. KNOWLAND. I should like to say one word, if the Senator will permit me, before I yield the floor. There has been

considerable discussion in regard to taxes. It is true, and we might as well face it, of course, that no government agency pays income taxes. But I wish to call attention to the fact that when I went through the Tennessee Valley, I talked with many public officials, and also with many businessmen, some of whom had been very bitterly opposed to the original creation of the TVA, when it was first considered. I believe I can say that almost without exception, regardless of their partisanship or their economic station in life—and I talked to bankers, businessmen, farmers, employees, employers, public officials,—all felt that the TVA was making a great contribution to that area of the country. In every community where I went, if I had a chance to do so I asked whether the TVA and its related organizations were paying local taxes, because I was concerned, as a great many of us are, with that question as it affects the various States where properties will be taken off the tax rolls, with a resultant adverse effect on the local agencies of government. In every case where I made inquiry—I do not say this applies to every part of the Tennessee Valley, but it applies to every place where I was able to make my inquiry—I was told that the TVA was paying, as in lieu of taxes, as much or even more than what had been paid by the privately-owned public utilities in the days before they were taken over. So to that extent, at least, the TVA is making a contribution to the local agencies of government.

Mr. HILL. Mr. President, will the Senator yield in that connection?

Mr. KNOWLAND. I yield.

Mr. HILL. Is it not true that no private power company or private utility ever amortizes out its capital investment; but it goes on, year after year, without any amortization; whereas, under the law, the TVA is required to amortize out within 40 years the funds the Government puts into the TVA projects?

Mr. KNOWLAND. Frankly, I am not in a position to say that no private utility company ever amortizes out; but I understand it is a general practice in many areas of the country for them not to amortize out the capital investment.

Of course in the TVA area, that is being done in a period of 40 years.

Mr. HILL. In that connection it is interesting to note, let me say, if the Senator will yield further, that the TVA has made approximately \$92,000,000 in net profits, and of that \$92,000,000, \$23,000,000 has gone into the Federal Treasury, \$11,000,000 went to pay off bonds which had been issued by the private power companies the TVA bought, and \$59,000,000 went into capital investments—new projects—which, of course, today are the property of the Government of the United States.

To come back to the point regarding the industries about which we hear so much, does not the record show that, so far as the large industries that we hear so much about are concerned—the Aluminum Co. of America, the Reynolds Metals Co., the Victor Metals Co., and so forth—some five or six of them—this year, in 1949, those big industries will not

use more than 10 percent of the power available in the Tennessee Valley from the TVA? Is not that true?

Is it not true also that if we were to cut off all those large industries from the TVA power, and if the TVA did not supply a single kilowatt of power to those large industries, there still would not be sufficient power to meet the estimated growth in the demands for power in the next 2 years?

Mr. KNOWLAND. I think the Senator is correct.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield for a question.

Mr. LUCAS. In regard to the point that perhaps industries move into the valley, does the evidence disclose that this quest for an appropriation, is based on the theory that industries will move there?

Mr. KNOWLAND. That is not my interpretation of the testimony I read and heard. I think primarily new industries may develop there rather than that industries will pick up and move there—lock, stock, and barrel—from some other area of the country.

But I say to the Senator from Illinois that, if such a movement does occur, it will not disturb me because from the point of view of national defense in this atomic age, if we have some diversification of our great industrial centers, I think ultimately we may be adding to the potential national defense of the Nation.

Mr. LUCAS. I wholeheartedly agree with the statement made by the able Senator from California.

Let me ask the Senator one more question with respect to the industries located in the Tennessee Valley producing for instance aluminum and other metal. As I understand, they do not manufacture the finished product, but produce certain products in the raw, which are shipped or transmitted to practically every State in the Union, where the products are finished. So, it seems to me, to those who argue that the Government is subsidizing the Tennessee Valley Authority to the extent that certain people may be receiving a benefit out of it, the reply may properly be made that the whole industry of America that uses the products which go out of the Tennessee Valley and are ultimately finished in the factories in other States of the Union, are equally getting the benefit of the facilities of TVA.

Mr. KNOWLAND. I will say to the able Senator from Illinois I think he is exactly correct. Not only are they furnishing raw materials which are put into finished products elsewhere in the Nation, by which process the Tennessee Valley area is making a great contribution to the industries in other sections of the country, but in turn as the standard of living increases due to some development down in the Tennessee Valley area the people, the employees who get better wages have more purchasing power to buy the automobiles that are manufactured in Michigan or the products manufactured in Connecticut or Indiana or these other States of the Union,

I might include dried fruit products and other items from the Pacific coast. So I think it has a two-way effect in being beneficial both to the Nation and to the Tennessee Valley area.

Mr. HILL. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. HILL. To illustrate the question raised by the distinguished Senator from Illinois and the splendid answer of the Senator from California, on page 64 of the Senate hearings there appears a letter addressed by Mr. R. M. Ferry, manager, Tennessee Operations, of the Aluminum Co. of America, at Alcoa, Tenn., to Mr. G. O. Wessenaer, manager of power, Tennessee Valley Authority, Chattanooga, Tenn. In that letter Mr. Ferry has this to say:

The great proportion of the aluminum and basic aluminum products made by Aluminum Co. of America at the Alcoa works—

That is the plant in Tennessee—

goes outside the State of Tennessee for final manufacture into end products. In the first quarter of 1948, for example, 98.8 percent of the various aluminum products produced at the Alcoa works was shipped to 47 States, other than Tennessee, for further processing, involving great amounts of additional work on the basic or semifinished aluminum materials before they are ready for final use.

Not only are the aluminum products from Alcoa shipped to other States as shown, but also other States than Tennessee provide most of the raw materials for the production of aluminum at Alcoa.

So, of course, the project at Alcoa, Ala., is not a Tennessee project. It is what I may call a very important link in the whole chain of our domestic economy. It is a very important wheel in the whole economy of the 48 States of the United States.

Mr. CAPEHART, Mr. LUCAS, and Mr. BALDWIN addressed the Chair.

Mr. KNOWLAND. The Senator from Indiana has been on his feet. I had agreed to yield to him.

Mr. CAPEHART. Mr. President, perhaps I had better get the floor in my own right, because I have a little more than a question.

Mr. KNOWLAND. Very well. Then if I could finish with these questions, I shall yield the floor to the Senator from Connecticut.

Mr. BALDWIN. Mr. President, I should like to have it appear in the RECORD here what I believe to be a repetition of the statement made by the chairman of the subcommittee when we first began the discussion of this bill, which was to the effect that the Senate committee, as I recall the statement, relied in great part upon the record that was made in the House, as there were very extended hearings held on the appropriation bill in the House, to the tune of 1,111 pages as compared to some 517 pages in the Senate. The reports are likewise correspondingly different in the extent to which they go into the matter, and that is why it seems to me, the House having made such a thorough study of the whole project, that the House record is of great importance and should be given considerable weight, because obviously the House committee went much

further into it than did the Senate committee. In fact, it was the duty of the House to go thoroughly into the subject, because, under the Constitution, the House is primarily concerned with appropriation bills.

The House report very distinctively says this:

Testimony of officials of TVA further indicates that the Authority recognizes that although substantial additional power can be generated by installation of new hydro generators, it is approaching the limit of the amount of electricity which can be generated by water power harnessed primarily for purposes of flood control and navigation.

The proposal to construct this steam plant is based upon the recognition of these two factors, and is intended to provide additional generating capacity to meet the currently estimated requirements of the foreseeable future for electric power in the Tennessee Valley area.

I have no quarrel at all with the Federal Congress using Federal funds, to develop a natural resource, and if this undertaking has been, as I think it has been, of tremendous value to the Tennessee Valley, then I am glad of it, and I agree with my friend from California that that benefit is ultimately spread all the way across the country.

My difficulty is this: If the Federal Government used Federal funds to develop a natural resource, and the full potentiality of that natural resource is developed, and if it is put to its full use as the development of a natural resource, then should the Federal Government, because of the cheaper facilities thus provided, add artificial resources, artificial means to expand that natural resource, at the expense of all the taxpayers of the country?

It seems to me there is where we come to a parting of the ways on a question of policy, because once we step in to develop a natural resource to its full potentiality, then it seems to me we ought to use Federal funds in developing some other natural resources, and not pile Pelion on Ossa in an attempt to develop one great area where the development in the first place was mainly concerned with a natural resource, but has finally worked into a federally-subsidized project in competition with all the others in the country.

Mr. KNOWLAND. Mr. President, will the Senator yield at that point?

Mr. BALDWIN. I yield.

Mr. KNOWLAND. I merely want to say that I recognize it is an easy selection to pick between black and white. Where one gets into difficulty is when he gets into the gray field, in between. Of course the argument the Senator makes that instead of merely the development of natural resources, when a steam plant is established or constructed, it is getting a little out of that field and I think there is considerable merit and weight to the Senator's argument. But if we take the next step, on transmission lines, we are also getting out of that field, and if that is carried on through to its logical conclusion, it would mean merely the dam being built to hold the water, and perhaps a power house itself being built by the privately owned public utilities, taking the power at the dam rather than at

the bus bar as some now advocate, and transmitting it over their lines.

Arguments can be made pro and con over that. My chief point is that depending on the way one looks at it, for either good or evil, that question is a moot question in the TVA area. The Congress has already established a valley authority there. Now, Congress may never again want to establish another valley authority. They may want to, in the future. No one has a crystal ball to enable him to know that.

I certainly think we should proceed with great care before we establish another valley authority as such. But in the Tennessee Valley area we have one. Having taken the responsibility, having made the people dependent for their power supply directly upon TVA, my only point is that when any well-operated privately owned power utilities have an adequate steam stand-by service in order to firm up power, Congress should not do something which, in my judgment, would ultimately strangle the further development of the great Tennessee Valley area. For my part, I do not want to take the responsibility of withholding from them something which I believe they need in their economic development.

Mr. STEWART. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

The PRESIDENT pro tempore. Is the Senator from California still claiming the floor?

Mr. KNOWLAND. Yes, Mr. President; to answer some questions.

Mr. STEWART. Mr. President, I think the suggestion made a few moments ago by the Senator, concerning the importance of this measure as part of a possible defense program, is one which merits considerable exploration. I think it was well expressed. I believe the building of the plant is justified on the basis of national need for national defense. I explored the question somewhat during the hearings, by correspondence and conversations with some of the various agencies of the Government. I am advised that there is approximately a 35 percent anticipated shortage of electric power in the next year or two in the entire United States. Since the plant has been requested by TVA, plans have been drawn, the location has been selected in close proximity to an adequate supply of cheap coal, and since an adequate supply of water will be afforded, I think we should proceed with the project. Its location has been chosen at a point at which it can be most economically operated. With the unsettled conditions which exist in the world today, I think we should turn more than ordinary attention to this project as an aid, not only for economic reasons, but for reasons of national defense.

During the recent World War, as the Senator has acknowledged, the Tennessee Valley was a perfect beehive of industry, constantly manufacturing munitions of war. I am told that at one time, when demand was made by the President for the building of 50,000 air-

planes, Tennessee Valley electric current was utilized in manufacturing more than 51 percent of the aluminum which went into our fighting planes. The Tennessee Valley made a great contribution, as the Senator has pointed out, to the war effort. If we had not had that great supply of power, there is no telling how much longer the end of the war might have been delayed. I think we should take notice of the unsettled, chaotic conditions in the world. We do not know at what moment we might need to place an order for a large supply of products, such as aluminum, which might be manufactured by the utilization of electric power.

I think that, at least, should help influence the votes of other Members of the Senate who may not feel quite certain with respect to the situation from an economic standpoint.

Mr. KNOWLAND. Mr. President, the senior Senator from Tennessee had risen. I want to apologize for not having yielded to him.

Mr. McKELLAR. Mr. President, I should like to have the floor in my own right.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from Illinois.

Mr. LUCAS. The observations which the Senator has made are, so far as I am concerned, conclusive and almost unchallengeable. There is no way to limit the potential amount of power which can be developed in the Tennessee Valley, and consequently the products which may be made by the utilization of the power. Some Members of the Congress, before the Tennessee Valley Authority was ever created, tried to bring about the very result which we are seeking today. Some of the same individuals, when we were confronted by a very serious situation during the war, went before the Appropriations Committees and asked for an additional \$50,000,000 for further development of the Tennessee Valley, and many persons who, in the beginning, were fighting the improvement of the valley through the Tennessee Valley Authority, joined in the request.

I, for one, solely on the theory of national defense, would support this project, if for no other reason. As has been pointed out time and again by able Senators who have made a study of the entire proposition, by Senators who live in the valley and know it, by Senators who understand world conditions, we cannot invest \$4,500,000 more wisely at this particular time than in the development of steam plants in the Tennessee Valley, because no one knows what will happen tomorrow. What happened during the last war, so far as our needs were concerned, may in the next war be a mere bagatelle.

The Tennessee Valley Authority, as the able Senator from California has so well pointed out, has already been developed and redeveloped. It has the facilities for further development, from the point of view of national defense. Certainly the Congress should not let down at this hour on a small appropria-

tion for the further development of the valley.

Mr. McKELLAR. Mr. President—

The PRESIDENT pro tempore. The senior Senator from Tennessee is recognized.

Mr. McKELLAR. Mr. President, I want to thank the Senator from California [Mr. KNOWLAND] for the splendid speech he has made. He heard all the testimony, and it evidently made an impression upon him, as it should have.

I shall talk but a short time this afternoon, Mr. President, but I want to give a little history of the Tennessee Valley Authority.

I was unexpectedly elected to the House of Representatives in 1911. That has been a long time ago. I came to Washington on the 4th of December 1911. Fourteen days after that I introduced a good-roads bill. Approximately a month later, in January, I introduced a bill to construct the Muscle Shoals Dam at Muscle Shoals, Ala., on the Tennessee River. Very little progress was made. The House was very much opposed to building a dam at that time. We made very little progress until the First World War occurred in 1917, when the project for producing needed power for war purposes was sponsored by the later Senator Bankhead. I do not mean John H. Bankhead, Jr., but John H. Bankhead, Sr., who was a Senator from Alabama when I entered the House of Representatives.

When the war came on Senator Bankhead and I went to the White House and interviewed President Wilson, and asked him if he would not recommend the building of a dam at Muscle Shoals in order to get the water power from that dam. The President said he would, and I believe he did. A short time later we got an appropriation, and with that appropriation we built the first dam at Muscle Shoals, and no dam was built thereafter until 1933. I had been a Senator for some 15 years before another dam was built. Senator Norris got a bill passed to build another dam on the Tennessee River, but President Hoover vetoed the bill and it did not become a law.

When Mr. Roosevelt became President he was tremendously interested in the building of dams. Senators can see that I have been with this proposition a long time. It has been a long time from 1911 to the present. I introduced the first Muscle Shoals bill in the House of Representatives, as I have said, in 1912. When Mr. Roosevelt became President he was very much interested in the matter of building dams, and he came down in a private car from New York before he was sworn in as President and invited three men to go with him to Muscle Shoals to see the dam which had already been completed under a former administration. Senator Norris, supposedly representing the Missouri River, was one of those who was invited to make the trip in the private car of President-elect Roosevelt. The second gentleman was Senator Clarence C. Dill, of the State of Washington, and Senator Dill went along as a representative of the Columbia

River. The President was good enough to invite me as the representative of the Tennessee River, as he said at the time, the Tennessee being a river flowing mostly in my State, beginning in upper east Tennessee and flowing through upper Alabama, and then north into the Ohio through Tennessee and Kentucky.

Senators may see a picture in my officer of the Presidential party, with these three gentlemen, and Governor Miller, of Alabama, and his wife, who met us. After spending a most pleasant day seeing that great dam, which had been completed, we returned on the train after dinner, and the President had his secretary bring out some bills for the improvement of the Tennessee Valley. One of the bills is now substantially the law as it was enacted soon after that. After reading the bill aloud, the President took one copy of the bill and handed it to George Norris and told him that he was going to ask him to introduce it in the Senate. He told his secretary to mail a copy of it to LISTER HILL, who was at that time a Member of the House of Representatives from the State of Alabama, and that he would have LISTER HILL introduce the bill in the House. It seemed to me that that was rather unusual, as Senator Norris was supposed to come from the Missouri Valley; but I was very anxious to have the dam built and the project started, and therefore, said nothing about it.

The bill was introduced by Senator Norris, and a copy of the same bill was introduced by Senator HILL, then a Member of the House, as I have said. The bill passed the House, and came to the Senate. In the meantime the Senate had passed the Norris bill, the bills went to conference, and in the conference the Hill bill was accepted, as I recall, and the Norris bill was merely one of those which had been passed, but so far as the outside world was concerned, the newspaper world especially, it was the Norris bill that developed the Tennessee Valley, though it was the Hill bill that was actually passed. I am bringing this matter forward for the purpose of showing the Senate my long history with this project.

Not much progress was made until President Roosevelt became President and the first two dams were built, the dam now known as the Wheeler Dam and that known as the Cove Creek Dam, now called the Norris Dam.

Were those dams built in the ordinary way? Quite the contrary. The House of Representatives would not appropriate the money to finance the building. It takes money to construct dams, and therefore the dams were not built.

I presume all the Members of the Senate remember the PWA legislation, which came in 1933, the first year Mr. Roosevelt was President. It was legislation providing work for people who were out of employment. The same Senator Bankhead to whom I have referred went with me to see Mr. Roosevelt to get him to allot some of the civil-works money, people-out-of-employment money, to building the two dams on the Tennessee, one in Alabama and one in Tennessee. We had to do that because the Senate was

willing to appropriate the money, but the House had not done so. The House would not appropriate the money. So legislation was enacted authorizing construction of the dams, but no money was available to build them, and we induced President Roosevelt to allot a certain sum out of the money provided for civil works in 1933, the first year he was President. The two dams were then begun.

The next year the WPA legislation was passed. Out of money provided for WPA we secured an allotment to do more work on the two dams.

During the next year, 1934, I was sent to the Philippine Islands. The late Senator McAdoo; the Senator from Maryland [Mr. Tydings], who now sits near me in the Senate Chamber; the late Senator Gibson, of Vermont, a good Republican and one of the finest men I ever knew; and I were appointed members of the committee to make an investigation of the situation in the Philippine Islands and report to the Senate. We went west via San Francisco, the Hawaiian Islands, Japan, and China. We traveled all over the Philippine Islands and came back by way of the Indian Ocean and the Red Sea. Remarkable to state, on the return trip through the Red Sea our ship passed Mount Sinai. It was a very interesting experience to the four of us. The captain of our vessel—it was a Dutch vessel—told us we could see the mountain, and made arrangements so we could have a good view of it. That naturally brought up conversation respecting Jerusalem, and we concluded that when we arrived at Alexandria we would arrange to go to Jerusalem by bus and catch next week's boat for France.

The morning after we had made that agreement I received a radiogram from President Roosevelt. I was at that time a member of the Appropriations Committee, and had been a member of it for many years. Carter Glass was chairman of the committee, and I was next in rank following him. The President in his cablegram said:

The Senate Committee on Appropriations yesterday, by a tie vote, defeated an appropriation to complete the two dams, one in Alabama and one in Tennessee. Hurry home and break the tie.

The vote was 8 to 8. I thereupon canceled my plan for going to Jerusalem. I told my friends I was obliged to return. I felt it my duty to do so and returned. They also concluded to return home.

On my return I found that Carter Glass was ill. I went to see him. He told me he was one of those who had voted against appropriation of money to build the dams in Tennessee and Alabama. He said he thought he had made a mistake, and would give me his proxy, and I could vote it in favor of the appropriation, and asked me to call a meeting of the committee. I called the committee together, as the record in the committee room downstairs will show. At the meeting I voted Senator Glass as favoring the appropriation. The appropriation was voted favorably by the committee by a vote of 14 to 5. There were two members of the committee absent. The appropriation thereafter was made, and the first dam was built.

I then introduced a bill providing for the building of a second dam, and have since introduced bills providing for all the dams that have been built. The House was not in favor of the project primarily, and it was only as the result of amendments placed on appropriation bills in the Senate that I was able to obtain the money to build all the dams along the Tennessee River and also along the Cumberland River.

That, Mr. President, is a short history of how the dams happened to be built.

At that time the private power companies had control of power in Alabama and Tennessee. They had large investments in those States. They saw the dams being built and felt that the work was inimical to them, and it was not long before they undertook to sell out to the TVA. Many negotiations were conducted, and finally the private power companies sold out to the TVA. They had large investments in all the big cities. The Chattanooga Power Co. alone was sold for \$10,800,000. The company operating in Memphis was sold for \$17,360,000. Every large city in the State purchased, through the TVA, the private power companies' property virtually at the private power companies' own price. The TVA did not fix the price. The Government did not fix the price. The power companies wanted to get out of Tennessee and did get out of Tennessee.

There is no longer a fight between the private power companies and the TVA. That fight has been ended for 10 or 12 years or more. The TVA has paid the full price, over \$150,000,000, for the private power companies as they previously existed. The private power companies have never been dissatisfied with the transaction. I have never heard of any complaint because of the sale of the properties. A great many of the employees of the private companies were kept in employment. No hardship was worked on the power companies.

I want to assure my distinguished and handsome friend, a man I admire very much, the Senator from Connecticut [Mr. BALDWIN], a former Governor of the great State of Connecticut and now a United States Senator from that State, that the private power companies were not mulcted in that deal. They had the advantage. They received virtually their own price. They sold what they had after the price had been fixed and agreed upon. There has never been a rumor of any trouble at all respecting the sales.

Now, what is the fact since the TVA has taken hold down there? The TVA built many dams. As I recall, thirty-odd dams have been built by the TVA. The Government has furnished the money for the building of the dams. The Government permitted bonds to be issued in some cases, but mostly furnished the money. So the fight is not between the private power companies, as my distinguished friend seemed to think earlier today, and the TVA. It is a fact that has already been established. This thing has already been done.

Mr. BALDWIN. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BALDWIN. One unhappy thing about my position on this question is that I find myself on the opposite side of an important question from my distinguished friend from Tennessee, whom I have come to admire and hold in real affection. I look back upon his record with admiration.

I assure the Senator from Tennessee that my interest in this question is not primarily from the standpoint of the power companies. I think they are well able to take care of themselves, and they have done so. There is certainly no claim that I have ever heard that the power companies did not get a perfectly fair deal. They were paid for their properties what they were worth, and the transaction was satisfactorily closed.

Mr. McKELLAR. Absolutely.

Mr. BALDWIN. My difficulty is with the question whether, as a matter of policy, we should use Federal funds to subsidize the implementation of a natural resource the full potentialities of which have already been reached. The natural resource having been developed as it should be—and properly so—by Federal funds for the benefit of the State, and its full potentiality now being in prospect, should the Federal Government now step in with Federal funds and subsidize the expansion of a natural resource by artificial means? Hydroelectric development having reached its ultimate, should the Federal Government now step in and supplement it by subsidizing an artificial plant? That is my difficulty with this question.

Mr. McKELLAR. The Senator is mistaken about its having reached its ultimate. It has not. We are building two of the largest dams. They were started about 10 years ago, and they have been developed to a remarkable extent, but we are still making appropriations for them. They are still in the course of construction. They will be completed in the next 2 years.

In addition, we have built a number of dams on the Cumberland River. The new dams will require additional steam power—what is known in power parlance as firming up power for the water power.

There are many other dam sites. There are dam sites along the tributaries of the Tennessee River in Alabama. I am not sure that there are any in Mississippi. I should have to ask the Senator from Mississippi. I do not believe there are any. But in Tennessee and in North Carolina there are tributaries of this river where there are excellent sites. The Cumberland River in Tennessee empties into the Ohio just above the point where the Tennessee empties into the Ohio River. That river has tributaries upon which are other dam sites. The territory has been developed. A wonderful work has been done.

Mr. SPARKMAN. Mr. President, will the Senator yield in that connection?

Mr. McKELLAR. I yield.

Mr. SPARKMAN. I am sure that the able Senator from Connecticut would not consider any hydroelectric development fully developed to its ultimate if it were being operated by a private utility, until

and unless the private utility incorporated into the system a sufficient amount of steam power in order to firm it up to its maximum efficiency. They all do it. Then why should he argue that the Federal Government should not do likewise? The practice is efficient, effective, and economical.

Mr. McKELLAR. Knowing the Senator from Connecticut as I do, I believe that if he had been before our committee he would have taken exactly the same position, after hearing the testimony, that the distinguished Senator from California [Mr. KNOWLAND] has taken. The Senator from California is the son of an old-time friend of mine from California who was a Member of the House when I was there, nearly 40 years ago. He is a grand man, just as his father before him, W. P. Knowland, was a grand man when he served in the House.

I recommend to the Senator from Connecticut that he read the Senate committee hearings. I am not as familiar with the House hearings. I did not go through those as closely, perhaps, as I did the testimony of my own witnesses. I brought some of the witnesses here. They are some of the finest men in Tennessee or in the United States. They came here to testify. Among them were Democrats as well as Republicans. It made no difference. I remember Mr. Bruce, one of the most distinguished Republicans in my State. Many others came with him to testify to the facts as they were, and to show what a wonderful thing was being accomplished not only for Tennessee, but for the entire United States through this great development of water power in the Tennessee Basin, and the firming up of power in the proper way with steam power.

The Senator in charge of the bill [Mr. FERGUSON] is a fine man. I am sorry that he has taken the position which he takes. He will remember that the very best men came here to testify to what was being done. The operation has been a success.

I remember when people said that our efforts to develop the Tennessee Valley from an economic standpoint would not be a success. We have been at it for some time. A great deal of money has been invested in power alone—probably between \$300,000,000 and \$400,000,000. The other moneys which were spent were spent for navigation, and for development of the entire valley.

Let us see whether the United States is losing anything. In 1940 we had not developed the dams to such an extent that we were making much out of the operation. In that year we made only \$3,294,000; in 1941, \$3,992,000; in 1942, \$6,117,000; in 1943, \$7,962,000; in 1944, \$4,047,000; in 1945, \$5,247,000. Remember that the last figure which I have given is a little more than \$5,000,000. In 1946 the income from this great development, after paying all expenses, was \$18,301,000; for the year 1947 it was \$21,950,000. I understand that this year it will be in excess of \$25,000,000.

While we have developed a great State, and brought the best kind of government to the people of that State and the surrounding States, have we done so at a

loss? Have we thrown our money away, as may possibly be the case with the money which we are sending to Europe, Asia, Africa, Australia, and various other parts of the world? Senators will notice that I use the word "possibly." So far as the Tennessee Valley is concerned, we are getting a first-class rate of interest on every dollar of money that is invested there.

Mr. President, I turn to my distinguished friend the Senator from Virginia [Mr. BYRD], whom I have known ever since he was a boy. I knew his uncle, and I served in the House of Representatives with him. I think one of the first times I ever saw the Senator from Virginia was when he and I were groomsmen for Henry D. Flood, of Virginia. When I think of what we have done in Tennessee, with a little careful management, and when I think how Representative Flood helped with it, how disappointed I am this afternoon when, rather belatedly, I hear from my distinguished friend the Senator from Virginia that he cannot go along with such a wonderful development and such wonderful progress. It is disappointing to hear that statement from him—he who has been so successful in life, and has one of the most beautiful homes the eyes of mortal ever beheld. Senators who have traveled approximately 100 miles to the west of Washington have no doubt seen his beautiful home in Virginia and his wonderful apple orchard, the greatest apple orchard in all the world. Senators who have been there have seen what a wonderful success he has made in something besides politics, for politics is not the only thing he has succeeded at. He has succeeded in everything. If he were a kinsman of mine, I would not have felt more injured than I was in not having him go along with me in endorsing a great project; in fact, in my judgment, the greatest governmental project I was ever connected with. I am proud of it.

I have a statement from my colleagues on the Appropriations Committee. The Senator from Maryland [Mr. TYDINGS] was one of them; and the Senator from Arizona [Mr. HAYDEN], good, splendid CARL HAYDEN, than whom there is not a purer, finer, more gracious man in all the world, was another member of the committee who joined in that statement; CARL HAYDEN is one of those who said that I had gotten from the Congress the money to build all those dams and to buy the plants from the private power companies when it was found that they could not work in harmony in Tennessee with the TVA. They were purchased, and the plan works splendidly.

In January 1912, if I remember correctly—and I know it could not have been later than February 1912—I distressed my brothers who were in the railroad business in Memphis, Tenn., where they were working for the Southern Railway, and they were located in the old offices of the Southern Railway there, when I told them I wanted to improve the Tennessee River and improve the navigation on it and develop hydroelectric power along the bed of that river, beside which they had their railroad—one of the great railroads of the country.

When I told them that, my statement certainly created consternation in my family. They thought I was doing something awful to advocate developing that river, when they were running a railroad along its banks. They did not want any opposition. But I finally lived to see the day when they agreed I was correct about it, and it worked out all right so far as my family was concerned.

In the 40 years since that time, I have lived to see practically everyone in Tennessee in favor of it. But some of my friends on the other side of the aisle here in the Senate Chamber say that is because we are getting from the Government something we should not get. Mr. President, do the available figures support such an argument? The TVA has made money; it is making money all the time, and it will continue to make money, if properly managed. If we take the advice of my young friend the Senator from California [Mr. KNOWLAND]—and certainly he is a disinterested man—and let this bill be enacted as now proposed, that development will be one of the greatest development any State has had. Today other States have such developments and other States will have similar developments. I refer to the States through which the Missouri River, the Colorado River, and the Columbia River flow. Some of those developments already have been made, and of course they should be made.

Now, Mr. President, let me recapitulate.

First. The TVA is the one and only light plant in the State of Tennessee.

Second. There is no question of competing private plants in the State. Whether that is right or wrong that is the situation that exists in the State. The Tennessee Valley Authority is the one and only source of power. There are no private companies unless in the extreme eastern end of the State in or near Bristol.

Third. The Johnsonville power plant is absolutely necessary to firm up the water power so that no city and no town and no farm and no factory in the State or surrounding States that need power and light can be without them.

Fourth. It is absolutely necessary that this be done to give the manufacturers and others a steady and uninterrupted flow of power and light.

Fifth. There has been a tremendous growth of manufacturing and business in our State since we have had the water power and the needs are tremendously increasing in city, town, and county.

Sixth. It is absolutely necessary that we know in advance there will be no shortage of power and light.

Seventh. The plant is absolutely necessary for defense purposes. The Oak Ridge atomic energy plant, the plants of the Aluminum Co. of America, and the plants of the Reynolds Metals Co., which will be called upon to produce aluminum for the 70-group air force Congress has just voted will need this additional steam power. Aluminum production requires enormous quantities of power.

Eighth. The municipalities and cooperatives which distribute TVA power in the Tennessee Valley have experienced a

60-percent increase in demand since the war and expect another 65-percent increase on top of that; and the TVA is not only short but the whole Nation is short of power.

Ninth. The growth and prosperity and development of our State, the capacity of her many plants, and the development of her many farms and especially of the war plants now existing in the State will all be put in jeopardy if we fail to have a proper supply of power and light. Page 2 of the hearing.

WITNESSES

The witnesses who testified for this plant were:

Mr. Frank Ahlgren, the editor of the Commercial Appeal of Memphis, Tenn.—pages 3 to 18.

The Honorable Tom Stewart—pages 18 and 19.

Mayor Jim Pleasants, of Memphis, Tenn.—pages 20 to 24.

Senator STENNIS from Mississippi—pages 24 to 25.

Senator JOHN J. SPARKMAN, of Alabama—pages 26 to 35.

Mr. Gordon R. Clapp, Chairman of the TVA—pages 36 to 58.

Mr. Wessenauer, TVA power engineer—pages 59 to 66.

Mayor Hugh P. Wasson, mayor of Chattanooga—pages 71 to 76.

Mayor Tom Cummings, mayor of Nashville—pages 76 to 89.

Mayor James W. Elmore, Jr., mayor of Knoxville—pages 91 to 104.

Mr. C. Arthur Bruce, of Memphis, Tenn., who has a hardwood-lumber manufacturing business and who has a private plant of his own—pages 105 to 109.

Mr. Thomas H. Allen, president of the Memphis Light, Gas & Water division—pages 109 to 127.

Mayor R. J. Murray, of Huntingdon, Tenn.—pages 127 to 132.

Mr. Ken G. Whitaker, Electric Power Board of Chattanooga, Tenn.—pages 133 to 135.

Mr. James N. Bloodworth, Decatur, Ala.—pages 135 to 138.

Mr. Charles E. Shaver, of Huntsville, Ala.—pages 138 to 140.

Mr. C. H. Jackson, executive secretary, Florence Chamber of Commerce, Florence, Ala.—pages 141 to 142.

Telegrams and letters from mayors, businessmen, and laboring men from all over my State to me—pages 143 to 161.

Statement by Congressman KEFAUVER—pages 161 to 162.

Senator LISTER HILL—pages 162 to 168.

Mr. James L. Mattox, superintendent Municipal Light & Power Department, Columbus, Miss.—pages 168 to 171.

All these witnesses made out a splendid case for the building of this additional dam.

They showed it would be necessary in national defense because of the war plants in east Tennessee.

Because of the great atomic-energy plant at Oak Ridge, Tenn.

Because it is necessary for the manufacturers, the laboring people, and all others in Tennessee and those several nearby States.

They showed that in 1940 the increase was \$3,294,255; 1941, \$5,992,083; 1942, \$6,117,464; 1943, \$7,962,533; 1944, \$4,-

447,005; 1945, \$5,247,666; 1946, \$18,301,494; 1947, \$21,950,985—page 511.

Practically everybody in the Tennessee Valley wants to continue it and build it.

They showed beyond a doubt that if properly managed it will pay good interest on the money the Government has got invested in it.

THE PRIVATE COMPANIES

The private companies then put on their proof.

Mr. James H. Greene, executive vice president, Chamber of Commerce, Pittsburgh, Pa. He objected to it largely because the private companies had to pay Federal taxes and the TVA did not have to—pages 171 and 176.

Mr. Elton Kile, president, National Associated Businessmen, Killeville, Ohio. He thought the stand-by plant was unnecessary and thought the steam plant was unauthorized although the TVA has five steam plants already and that they were asking for monopolistic privileges—pages 176 to 179.

Mr. Grey Dresie, secretary, Kansas Independent Businessmen's Association, Wichita, Kans. Thought substantially the same thing—pages 179 to 185.

Mr. Frederick A. Kimmich, vice president, Ostendorf-Morris Co., Cleveland, Ohio. He was opposed to the project as "an unnatural and arbitrary rearrangement of the economic forces that apply in the selection of plant location." He thought it was an attempt to "subsidize industry"—pages 185 to 188.

Mr. John H. Bream, lawyer, Harrisburg, Pa. Felt that it was unfair not to have the TVA taxed like other power companies—pages 188 to 189.

Mr. Garner M. Lester, president, National Tax Equality Association, Jackson, Miss.—pages 189 to 193.

Mr. H. A. Stansbury, managing director, Virginia Chamber of Commerce, Charleston, W. Va. He complained of migration of industries although all the testimony showed there has been no migration of industries—pages 194 to 197.

Mr. George T. Holmes, secretary, Kentucky Tax Research Association, Louisville, Ky.—pages 197 to 198.

Mr. Edward J. Bachman, president, Minnesota Associated Businessmen, Minneapolis, Minn. Took the position that this was "subsidized power"—pages 199 to 201.

Mr. N. W. Kelley, president, Virginia State Chamber of Commerce, Roanoke, Va. He complained of movement of industries to Tennessee. He could not give any names at all—page 202.

Mr. Charles Eaton, executive vice president, New Jersey State Chamber of Commerce, Newark, N. J. His complaint was unfairness in taxes—pages 203 to 207.

These witnesses did not really know anything about the particular situation or the particular plant and though some of them were researchers I do not believe that anyone would claim their evidence was important one way or the other. All of them were nice gentlemen, I have no doubt.

I next come to the two principal witnesses offered on the other side. They were Mr. P. L. Smith, president of the National Association of Electric Com-

panies, at Washington, D. C., and Mr. Raymond T. Jackson, attorney for this association, living at Cleveland, Ohio. In a way their evidence was along the same lines as the others but in one respect it was important.

Mr. Thomas H. Allen, one of the TVA witnesses, was asked what he received for his services and his answer promptly was \$12,500 a year. Mr. Allen was also asked for whom he appeared and he answered he appeared for the city of Memphis. Now, when Mr. Jackson went on the stand I asked him for whom he appeared and he said he appeared for the National Association of Electric Companies. I tried my best to find out whether he was on a salary or fee but he would not tell me.

Mr. Jackson also further said:

I told you exactly what I am doing, Senator. I don't know anything about power lobbies, and to me they are no different—when anybody comes before the Congress, I don't know whether they are a lobby or not (p. 256).

I then said:

Let me proceed with reading this article: Power companies fight building of TVA stem plant. Pursell L. Smith, head of the National Association of Electric Companies (here there was an interruption) and the head of the private power lobby which is fighting against an appropriation for the TVA Johnsonville steam plant is being paid \$65,000 a year as the head of this private power lobby. Some of the arguments of this lobby being advanced in opposition to the proposed construction (pp. 256-257).

I then questioned Mr. Jackson.

Senator McKellar. You were employed, were you not, by Mr. Smith?

Mr. JACKSON. No; I just stated that I was not.

Senator McKellar. Who did employ you?

Mr. JACKSON. I said I have been employed on special matters by American Gas & Electric Co.

He came with Mr. Smith and Mr. Smith, on pages 208 and 209 suggested that he be examined first and later on Mr. Jackson said he was not employed by Mr. Smith but he was an employee of the American Gas & Electric Co., the Appalachian Electric Power Co., the West Virginia Power Co., the Ohio Power Co., and a number of others.

I then asked:

All private power companies?

Mr. JACKSON. Oh, yes. We have no Government subsidy—they don't. They are not in partnership with the United States Treasury or anything. All they have to do is pay taxes (p. 257).

Later Mr. Smith said:

Inasmuch as Senator McKellar has raised the question of my salary, I would like to make an explanation, please.

Senator McKellar. It was raised yesterday on Mr. Thomas A. Allen, and that is why.

Mr. SMITH. You quoted from a newspaper there.

Senator McKellar. Yes, sir, I did. I would be glad to have you do it.

Mr. SMITH. I just want to say this, so there will be no misunderstanding. I am not paid \$65,000 a year by the National Association of Electric Companies for the purpose of opposing the TVA as such. I am employed by the association for many duties in connection with the activities of the association, one of which is the question of the interest of the utility companies in matters involving TVA and many related subjects. We also

handle problems with respect to Southwestern Power Administration, the Bonneville Power Administration, the Central Valley project in California and many other situations, and I would like to emphasize that because it is so important and comes out here so frequently.

Senator McKellar. You live in Cleveland?

Mr. SMITH. I live in Washington, D. C.

Senator McKellar. You represent all these companies here?

Mr. SMITH. Yes.

Senator McKellar. In what capacity?

Mr. SMITH. I am president of the association (p. 261).

Then again:

Senator McKellar. Was this paper mistaken about the amount of your salary?

Mr. SMITH. My salary is \$65,000 a year by contract.

Senator McKellar. You represent all these electric companies here at that salary?

Mr. SMITH. That is correct (p. 262).

I suppose Mr. Smith is probably the highest-paid lobbyist in the world. I have never heard of anyone getting quite so much salary. Just \$10,000 less than the President of the United States. These private companies are not being injured by the Government if they are able to pay \$65,000 a year for lobbying in Washington. I do not believe even as high-paid lobbyist as he is that Mr. Smith made very much of an impression on anyone as a witness, or Mr. Jackson, either, for that matter, as he would not say what fee he was going to charge.

The Chattanooga Power Board paid \$10,800,000 for the facilities at Chattanooga.

The TVA and 38 distributors paid the Tennessee Power Co., which was the private power company owning most of the property, \$78,500,000.

TVA, \$44,949,400; municipalities and corporations, \$33,650,000.

The Memphis Power Board and the TVA jointly paid \$17,360,000 for the Memphis plant.

The city of Knoxville and the TVA paid jointly \$8,274,000. Nashville paid about \$8,000,000 for its property.

They paid over \$100,000,000 in the State of Tennessee alone.

In Alabama, Mississippi, Kentucky, and Georgia, a total in the neighborhood of \$125,000,000.

Mr. President, I am a little regretful that a man as able and as handsome as my attractive friend the Senator from Michigan [Mr. FERGUSON], the chairman of this subcommittee which has had charge of this matter, does not go along with this great project. It is a great project for our State; it is a great project for the entire country.

There are several reasons in support of the appropriation that I wish to state, although I shall be brief and shall hurry along as fast as possible. The Senate, and particularly the members of the committee, will recall that the testimony before the committee was of a peculiar nature. Mr. James H. Greene, of the Chamber of Commerce of Pittsburgh, Pa., testified; and thereafter, probably a dozen witnesses who were secretaries of chambers of commerce testified. What did they know about this matter? Were they engineers? Oh, no; they were chamber of commerce men. Of course, chamber of commerce men are good

men; I do not mean to criticize them. But I do not believe they have the same sort of knowledge and the same kind of judgment that the businessmen we submitted as witnesses on the other side of the question showed they had.

The testimony on that side was by Mr. Kimmich, from Cleveland, Ohio; Mr. John H. Bream, from Harrisburg, Pa.; Mr. Garner M. Lester, Mr. H. A. Stansbury, Mr. George T. Holmes, Mr. Edward J. Bachman, from Minnesota; in fact, testimony was presented by a Virginian, too, the secretary of a chamber of commerce in Virginia. They were nice men and they made very interesting witnesses; but we cannot depend on testimony of that kind for what we wish to know. This is a practical matter. Proposals of this sort must be based on facts, and so we must obtain the facts. I omitted the two most important witnesses on the other side, Mr. Jackson, a lawyer from Cleveland, Ohio, and Mr. Smith, the greatest representative of the power interests in this country, or in any country, I suppose. They both made very intelligent witnesses. They should have. Mr. Jackson did not tell how much he got from the private power companies for coming down here and making an argument, but Mr. Smith very promptly stated he got \$65,000 a year for managing transactions of this kind. We are all familiar with that. He was a nice man. I have no criticism to make of a man who can make that much money. Just think of it. He can represent here in Washington companies that desire favors from the Government and get \$65,000, which is but \$10,000 less than the salary of the President. He is a pretty good man. I compliment him on his ability as a businessman, on being able to be the leader of his profession in all the world. No other representative around the Government or the Congress, or a part of it, ever was known to get that much money before. I compliment Mr. Smith upon it.

What sort of proof did the people in Tennessee and Alabama produce? I tell Senators in the long service I have had here, now nearly 40 years, I never had as many fine witnesses from my State on any matter of importance, as on this.

I shall ask a Senator on one side of the question and a Senator on the other side to confirm what I am about to say. I am sure the chairman of the subcommittee on the one side and the distinguished Senator from California, who took the other view of it, will say that Mr. Allen and Mr. Bruce and the various other gentlemen presented by the people of Alabama and Tennessee and Georgia, and the neighboring States, were men of the highest type and made excellent witnesses. I take it by the silence of Senators, they agree with that statement. I felt sure they would.

Just a few more remarks, and I shall leave the matter with Senators. Mr. President, we are all aware of the great success the TVA has achieved and the fine example it has been to the rest of the country. If there were such an organization in Oregon, California, Washington, Idaho, or Colorado, or on the Missouri River, or on any other river in

our country, what a wonderful thing it would be.

I may say to the Senator from Washington [Mr. CAIN] and to the Senator from Connecticut [Mr. BALDWIN], that TVA has been a wonderful success. Mistakes have been made. Those in charge have not always done just what I should have liked to see them do, but taking it as a whole they have made a success of the proposition and it has paid the Government. All Government projects do not pay off in money, but this one does, some \$20,000,000 a year, and yet it has been in real operation only the last 2 or 3 years. It is engaged in some things probably it ought not to be engaged in, such as developing the farm industry. I doubt if TVA ought to be in that. I will join other Senators at any time in restricting that activity, because I do not think it ought to be done. I think this enterprise ought to be conducted as a genuine, honest, straight organization. It has been a great success. It has made money. It has built up our State. The Government will not lose anything at all by it, but will make money on the investment, because the investment is worth exactly what it is represented to be on the books of the Authority today. If mistakes have been made, they should be corrected.

Mr. President, if there is anyone who wants to ask any questions that I can answer, I shall be glad to answer them. Otherwise, I have said all I want to say at this time.

Mr. KEM. Mr. President, a point of order.

The PRESIDENT pro tempore. The Senator will state it.

Mr. KEM. The point is based on rule XVI, section 2, reading as follows:

The Committee on Appropriations shall not report an appropriation bill containing amendments proposing new or general legislation.

The amendment under consideration—

The PRESIDENT pro tempore. Let the Chair interrupt the Senator to say we have not reached the amendment to which the Senator is addressing his point of order.

Mr. KEM. If the Chair will permit me to say, on examination of the amendment it seems to me the amendment now is the appropriation of some \$30,000,000 for certain construction, including one small plant at New Johnsonville, Tenn. The Chair, with his ready and quick perception, I think foresees that the particular language to which the Senator from Missouri objects is the "one steam plant, New Johnsonville, Tenn."

The PRESIDENT pro tempore. That was the Chair's understanding.

Mr. KEM. If the Chair will permit me to say, it seems to me the point goes to the amendment now under consideration, because we are considering the amendment proposing the appropriation of some \$30,000,000 for certain construction, including one steam plant at New Johnsonville, Tenn. If the Chair feels that the discussion of the point I make should be deferred, I shall be glad to defer it under the ruling of the Chair. I should like the Senate to know I have in mind that this is new legislation which should

not be introduced into the appropriation bill.

The PRESIDENT pro tempore. The Chair wants to be quite sure the Senator from Missouri does not misunderstand the Chair. If the Senator from Missouri desires to address his point of order to the appropriation figure, as well as to the language, it certainly is in order at the moment.

Mr. KEM. I should like to do so, if the Chair will bear with me, in view of the fact that it seems the two are intermingled and connected.

The PRESIDENT pro tempore. Very well.

Mr. KEM. As has just been said, we are dealing with an amendment that proposes the appropriation of some \$30,000,000 for certain purposes. One of the purposes for which the \$30,000,000 is to be devoted is the construction of one steam plant at New Johnsonville, Tenn. The point of order, Mr. President, is predicated on the proposition that the construction of a steam plant at New Johnsonville, Tenn., is entirely new legislation. It has not previously appeared on the statute books. It is improper to introduce such legislation for the first time in an appropriation bill. Of course the question involved is a simple one, namely, whether the TVA Act as amended contains authority or authorization to construct a steam plant. I have examined the act with some care. It seems to me that the purposes of the act are summarized in section 23. Those purposes are enumerated as follows:

(1) The maximum amount of flood control; (2) the maximum development of said Tennessee River for navigation purposes; (3) the maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; and (6) the economic and social well-being of the people living in said river basin.

In carrying out those general powers, steam plants are referred to in various places. The Corporation which is created by the act is authorized in section 7, subsection (a), to purchase certain nitrate plants, including steam plants located, respectively, at Sheffield, Ala., and Muscle Shoals, Ala. Certainly that does not cover a steam plant at New Johnsonville, Tenn.

Mr. McKELLAR. Mr. President, will the Senator yield.

Mr. KEM. I shall be glad to yield to the Senator from Tennessee.

Mr. McKELLAR. I call the Senator's attention to the following provision of the act, which will be found on page 3:

Except as otherwise specifically provided in this act, the Corporation—

That means the TVA—

shall have power to construct dams, reservoirs, powerhouses—

The bill provides for the construction of powerhouses, and it has been complained that they cost too much money. I read further—

powerhouses, power structures, transmission lines, navigation projects, and incidental works in the Tennessee River and its tributaries, and to unite the various power in-

stallations into one or more systems by transmission lines.

It is also provided that it shall have power to acquire real estate for the construction of dams, reservoirs, transmission lines, powerhouses, and other structures and navigation projects at any point along the Tennessee River, or any of its tributaries.

Fuller authority to construct powerhouses could not be given than this power which Congress has given by the act.

Mr. KEM. I have in mind the language to which the Senator from Tennessee directs attention. It is perfectly apparent from the context that what the Congress had in mind when the act was passed was powerhouses connected with hydroelectric development. It is constantly used in that way in the act. When Congress meant steam plants, as I shall show the Senate in a few minutes, Congress knew perfectly well how to express that idea. There was no confusion in the mind of Congress as to what was meant by a powerhouse and what was meant by a steam plant. When Congress meant a hydroelectric powerhouse, it said "hydroelectric powerhouse." When it meant a steam plant, it said "steam plant."

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. KEM. I shall be glad to yield for a question.

Mr. SPARKMAN. I wanted to ask the able Senator what Congress meant when it referred to power structures?

Mr. KEM. Where does that phrase appear?

Mr. SPARKMAN. In section 4 (j). What did Congress mean when it said: in the construction of any future dam, steam plant—

Mr. KEM. If the Senator will ask me the questions one by one, and direct my attention to the section of the act, I shall be glad to answer.

Mr. SPARKMAN. If the Senator will yield twice to me, I shall be glad to ask him the questions.

Mr. KEM. Very well.

Mr. SPARKMAN. Section 4 (j) of the original act provided, among other powers enumerated, that

The Corporation—

Meaning the TVA—

shall have power to construct dams, reservoirs, power houses, power structures, transmission lines, navigation projects, and incidental works.

Mr. KEM. The Senator has just picked out a few words from the section. The Senator should read the entire language. The language is perfectly clear—

Mr. SPARKMAN. If the Senator will permit me, I will read the entire section.

Mr. KEM. I am capable of reading it myself.

Mr. SPARKMAN. The Senator asked me if I would read it.

Mr. KEM. The Senator chose to read a certain part. If the Senator will read the entire section, I shall be glad to have it read.

Mr. SPARKMAN. Different powers are enumerated. One series of powers is

enumerated in section 4 (j). Let me read all of section 4 (j). Of course it starts by saying "the Corporations," referring to TVA "Shall have power to construct dams, reservoirs, power houses, power structures"—

Mr. KEM. The Senator is not reading the language correctly.

Mr. SPARKMAN. Oh, yes, the Senator is reading the language correctly.

Mr. KEM. The Senator omitted the words "such dam."

Mr. SPARKMAN. That is where the Senator from Missouri falls into a fatal argument, because he is reading from the 1935 act, and not the original act.

Mr. KEM. I am reading from the original act, as amended. That is what governs the procedure today.

Mr. SPARKMAN. Not at all. If the Senator wants to construe what Congress meant when it passed the act, he must go back to the original act. The original act of 1933 did not contain the language upon which the Senator is depending to make his argument. I have read the entire section as it is given in the original act.

Mr. KEM. Mr. President, I submit that the statute which governs proceedings today is the TVA Act as amended, and the question as to whether the acquisition or construction of a steam power-plant is authorized under existing law depends not upon what the law was when it was originally passed, but upon the law as it stands amended today.

I believe that the Senator from Alabama had another question, and I shall be glad to answer it.

The PRESIDENT pro tempore. May the Chair ask the Senator from Missouri whether it is his position that the amended act repeals the language to which the Senator from Alabama has referred?

Mr. KEM. No. My position is that the amended act reads as follows:

Shall have power to construct such dams and reservoirs in the Tennessee River—

The Senator from Alabama in reading it omitted the word "such"—

Shall have power to construct such dams, and reservoirs in the Tennessee River and its tributaries, as in conjunction with Wilson Dam, and Norris Wheeler, and Pickwick Landing Dams, now under construction, will provide a 9-foot channel in the said river and maintain a water supply for the same, from Knoxville to its mouth, and will best serve to promote navigation on the Tennessee River and its tributaries and control destructive flood waters in the Tennessee and Mississippi River drainage basins; and shall have power to acquire or construct powerhouses.

It is perfectly clear that it means powerhouses on these rivers—

Power structures, transmission lines, navigation projects, and incidental works in the Tennessee River and its tributaries, and to unite the various power installations into one or more systems by transmission lines.

Mr. SPARKMAN. Mr. President, will the Senator yield to me there?

Mr. KEM. I yield.

Mr. SPARKMAN. The last clause the Senator read is the identical language of the original act, and that is the only part that was in the original act. Therefore it could not possibly have depended on

the first part of this amended section for its interpretation.

Mr. KEM. I take it that if there is any rule of statutory construction that is well known and universally followed it is the rule that the construction depends upon the four corners of the instrument, the four corners of the statute, and the statute which the President pro tempore is called upon to construe today is the statute as it was amended and stands on the books today.

Mr. SPARKMAN. If the Senator will yield, of course, in order to ascertain what Congress intended from this whole instrument, one must go back and get the original expression of intent, and the original act merely contained a like provision, which shows clearly that it was not tied to the first part of the provision, as the Senator would have us believe now.

Mr. KEM. Will the Senator permit me to say that Congress frequently changes its mind, and that it has changed its mind with reference to the project it meant to authorize in the Tennessee Valley, not once, but several times? The question before the Senate today is, what authority exists as of today for the construction and ownership of works in that area?

I believe the Senator had some other question.

Mr. SPARKMAN. Yes; I was quoting from section 15. This was in the original act.

Mr. KEM. Very well.

Mr. SPARKMAN. And it was in the act as amended in 1935.

Mr. KEM. Very well.

Mr. SPARKMAN. It reads:

In the construction of any future dam—

The PRESIDENT pro tempore. From what page is the Senator reading?

Mr. McKELLAR. It is page 10.

Mr. SPARKMAN. Section 15.

The PRESIDENT pro tempore. Very well.

Mr. SPARKMAN. It reads, "In the construction of any future dam, steam plant," and so forth. What did Congress mean when it inserted that language?

Mr. KEM. I can tell the Senator in a very few words what it means as of today. I invite the Senator's attention to section 15 (a), which was an amendment inserted in the year 1939, by the Seventy-sixth Congress.

Section 15 as originally passed provided that in the construction of any future steam plant the Corporation, or the Board, was authorized and empowered to issue, on the credit of the United States, certain serial bonds, not exceeding \$50,000,000.

In 1939 Congress amended that by inserting section 15 (a), and if the Senator will look at the last line in section 15 (a), he will see the following language:

The authority of the Corporation to issue bonds hereunder shall expire at the end of 5 years from the date when the section as amended herein becomes law except that such bonds which may be issued—

And so forth. In other words, Mr. President, in 1939 Congress provided that that authority should terminate and be

at an end within 5 years from the date of that amendment.

Mr. SPARKMAN. Will the Senator yield at that point?

Mr. KEM. The authority, therefore, to issue those bonds, to which the Senator from Alabama directs attention, expired in the year 1944.

Mr. SPARKMAN. Will the Senator yield?

Mr. KEM. I shall be glad to yield for a question, not for an argument.

Mr. SPARKMAN. I should like to make a comment on what the Senator has just said.

Mr. KEM. I shall be glad to yield for that.

Mr. SPARKMAN. I well remember the act of 1939. As a matter of fact, I was a joint author of that act, from which the Senator has just quoted.

Mr. KEM. Was the Senator joint author also of the amendment?

Mr. SPARKMAN. Of the act he has just quoted.

Mr. KEM. Was the Senator author of the amendment?

Mr. SPARKMAN. Yes; I am telling the Senator that that was an amendment of the TVA Act. I am telling the Senator that.

Mr. KEM. What intrigued me was that the Senator's recollection of the act seemed to be better than his recollection of the amendment.

Mr. SPARKMAN. I remember the amendment quite well, and what I am saying refers to the amendment which the Congress adopted in 1939, to which the Senator has just referred. If he will read the last sentence again, the Senator will see that it took away from the TVA the power to pay for steam plants from the issuance of bonds, but it did not say one word about taking away the power to build steam plants.

Mr. KEM. The Senator is trying to lift himself up by his own bootstraps. He calls attention to section 15, which gives the power to issue bonds, then he says that power is taken away, but it remained. Let me ask the Senator, if the power conferred by section 15 was terminated in the year 1944, how can it be said that any vestige of that power remains in the corporation or the board?

Mr. SPARKMAN. I wish to make myself clear. I do not contend that the power to construct steam plants is derived solely from section 15. As a matter of fact, section 15 recognized that the power existed to construct steam plants, and provided a way by which they could be paid for, that is, by the issuance of bonds.

Mr. KEM. Of course, I have already directed the attention of the Senate to certain steam plants which were authorized to be bought, a steam plant at Muscle Shoals, and another in Memphis. There is no question but that certain specific, definite, steam plants were authorized to be purchased. My point is, if the Senator will bear with me, that there is no blanket authority to go out into the Tennessee Valley, anywhere the corporation may elect to go, and purchase or erect a steam plant. In other words, the authority to buy a steam plant at Muscle Shoals does not carry with it

by any implication, the authority to buy or erect a steam plant at New Johnsonville, Tenn.

Mr. SPARKMAN. I agree with the Senator in that statement, but let me ask him what this means in section 14, on the same page. It says, "In like manner, the cost and book value of any dams, steam plants, or other similar improvements hereafter constructed and turned over to said board for the purpose of control and management shall be ascertained," and so forth.

Mr. KEM. I was just pointing out to the Senator what those steam plants are. They are the steam plants referred to in section 7, the steam plant at Muscle Shoals, and other plants. There is no question but that certain specific steam plants are authorized. At the very outset of my remarks I pointed out the authority to buy a certain steam plant, that is, the steam plant at Muscle Shoals. The act proceeds and makes certain provisions for the handling and the financing of that steam plant. But the Senator misses the point of my argument entirely if he thinks that I am contending for a minute that no steam plants are authorized. My contention is that no steam plant is authorized at New Johnsonville, Tenn.

Mr. SPARKMAN. I hope the Senator does not contend that the act has set out in it exactly where every dam is to be built and every steam plant is to be constructed.

Mr. KEM. No. If the Senator will permit me to say it, that is the vice into which the Appropriations Committee has fallen. It has undertaken to authorize the construction of a plant at New Johnsonville, Tenn., which is entirely outside and extraneous to the proper office of an appropriation measure.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. KEM. I yield for a question.

Mr. COOPER. Will the Senator cite to me the section of the act or amendment of the act on which he is basing his argument?

Mr. KEM. I am basing my argument on the Tennessee Valley Authority Act, Public No. 17, passed in the Seventy-third Congress, first session; as amended by Public No. 412 in the Seventy-fourth Congress; as further amended by Public No. 224, in the Seventy-sixth Congress; as further amended by Public Resolution No. 88 in the Seventy-sixth Congress; as further amended by Public No. 184 in the Seventy-seventh Congress; and finally as amended by Public No. 306 in the Seventy-seventh Congress.

Mr. COOPER. May I ask the Senator a question? I missed the first part of his argument.

Mr. KEM. I shall be glad to yield to the Senator for that purpose.

Mr. COOPER. Is the Senator contending that there is no authority to construct a particular dam or a particular steam plant without the specific naming by Congress of such plant or such dam?

Mr. KEM. Not for a minute. I hope the Senator from Kentucky would not think I would make an argument of that kind.

Mr. COOPER. Is the Senator contending that there is no general authority in the act to construct such steam plants as are necessary for the efficient operation of the Authority?

Mr. KEM. Absolutely, and I challenge the Senator from Kentucky to point out such a general authority.

Mr. COOPER. I find in section 4 of the TVA act, which I understand the Senator does not now deem applicable—an opinion which I think is subject to question—the following provisions:

SEC. 4. Except as otherwise specifically provided in this act, the Corporation—

* * * * *

(f) May purchase or lease and hold such real and personal property as it deems necessary or convenient in the transaction of its business, and may dispose of any such personal property held by it.

(g) Shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Corporation.

* * * * *

(i) Shall have power to acquire real estate for the construction of dams, reservoirs, transmission lines, power houses, and other structures and navigation projects at any point along the Tennessee River, or any of its tributaries.

* * * * *

(j) Shall have power to * * * acquire or construct power houses, power structures, transmission lines, navigation projects, and incidental works in the Tennessee River and its tributaries.

I call attention to the words "other structures" in subsection (i), also to the fact that it has been held that transmission lines could be constructed, and I would ask the Senator to draw the distinction between the construction of transmission lines needed for efficient disposition of power and the construction of plants needed for the efficient disposition of power.

Mr. KEM. I will be glad to do so, Mr. President. The transmission lines are physically connected with the distribution of power from a hydroelectric dam. Certainly the right to construct and operate those dams could be fairly said to be an incidental power when the authority was given to construct the dam and to market the power from it.

Mr. COOPER. May I interrupt the Senator?

Mr. KEM. Yes, I shall be glad to have the Senator do so.

Mr. COOPER. I point out that it was not absolutely necessary for the Tennessee Valley Authority to construct transmission lines to the dams in order to dispose of power. It could possibly be done by private companies. It was necessary to efficiently dispose of the power. It can as reasonably be argued that steam plants can be constructed to efficiently dispose of power developed at the dams.

Mr. KEM. Mr. President, the courts have held that the construction of the transmission lines from the hydroelectric dam were reasonably connected; were incidental facilities the right to construct which was given in the power to construct the dams. For my part I think there is no reason to quarrel with that decision. I think it was clearly right and correct. But I ask the Senator from Kentucky and the Senator from Alabama

or any other Senator if they know of any decision of any court of record which has held that the right to construct a hydroelectric dam and power house carries with it the incidental right to construct a steam power plant.

Mr. COOPER. I think the Senator from Missouri is the first one who has questioned that power. I do not know that it has been decided by any court. I will say that a few years ago Congress appropriated money to construct a steam plant in the Tennessee Valley at Watts Bar. Congress did not question its power at that time. The Congress appropriated money for the Tennessee Valley Authority to purchase private utility companies which included steam plants. At that time the power was not questioned.

Going back to the matter of principle and not just the specific words, it seems reasonable to me that if a court would hold that it was necessary and essential to build transmission lines to make proper disposition of power taking into consideration the well-known fact that steam plants are needed properly to dispose of water power, it would follow that there would be authority to construct sufficient steam plants properly to dispose of power developed at dams.

Mr. KEM. Mr. President, I do not desire to wear down the patience of the Chair, but I do want to say that the argument of the Senator from Kentucky and the argument of the Senator from Alabama to an extent would carry us to the point where under this statute the TVA would be authorized to build or buy or operate power plants anywhere in the United States that the corporation thought were reasonably incidental to its efforts.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. KEM. I yield for a question.

Mr. SPARKMAN. The Senator a moment ago asked if either the Senator from Kentucky or the Senator from Alabama would point out to him any Supreme Court decision.

Mr. KEM. I shall be glad to have the Senator do so.

Mr. SPARKMAN. I do not know of a Supreme Court decision, but I do have something here which I believe the Senator from Missouri would accept as being pretty close to it. This is taken from a complaint filed in a suit which went to the Supreme Court of the United States testing the TVA authority. The complaint was signed by the Honorable Raymond T. Jackson, an attorney of Cleveland, Ohio, who, by the way, testified before the committee against the provision in the bill. I refer the Senator to a statement in that complaint signed by Mr. Jackson as counsel for all the power companies which were trying to overthrow the Tennessee Valley Authority Act. I read:

Under the Tennessee Valley Authority Act as amended the number and capacity of steam and hydroelectric plants for the generation of electricity which the defendants—

That is, the Tennessee Valley Authority—may construct and operate in the Tennessee Basin—

And I agree that it ought to be confined to the Tennessee Basin—

are wholly undefined. Said act as amended purports to vest complete and uncontrolled discretion in the defendants in relation to such matters.

Mr. KEM. Mr. President, that is the first time I have ever heard it seriously contended that the statement made by a lawyer in a pleading was an authority. I thought it was pretty generally recognized that we lawyers sometimes say as we are paid, that any qualms of conscience are salved by the tinkling jingle of our clients' gold. The proposition that a statement made in a pleading on behalf of a litigant by his counsel is an authority which the United States Senate should consider, or which the President pro tempore of the Senate should seriously consider in ruling on a point of order, is, indeed, unique.

Are there any further questions?

Mr. SPARKMAN. If the Senator will allow me, I should like to make it clear that I was not citing the statement as authority upon which I recommended that anyone rely. However, this distinguished lawyer takes the same position today which the Senator from Missouri takes. But when he was fighting the case in the Supreme Court, this is what he said about it. He is a distinguished lawyer.

Mr. KEM. That is an admission against Mr. Jackson's interest. I take it it is hardly an admission against my interest.

Mr. HILL rose.

Mr. KEM. Does the Senator from Alabama have a question?

Mr. HILL. I desire to address the Senate in my own time.

Mr. KEM. I shall be glad to advise the Senator from Alabama when I have completed my remarks.

Mr. President, as I was saying, steam plants are referred to in more than one place in this statute. They are referred to in section 15, in which the authority to issue bonds for the purchase of steam plants is expressly given. In a later amendment the authority was expressly terminated, so that it could be exercised only within 5 years.

It seems apparent that in 1939 the Congress looked at this statute and said, "We have given a power to the Tennessee Valley Authority which goes pretty far. It is a power which we do not see now is directly connected with the generation of hydroelectric power and flood protection in the Tennessee Valley. If that power is to be exercised, it must be exercised within 5 years from this date." That time expired in 1944.

Let me get these references in order. In section 7, a steam plant is referred to. It is the plant at Muscle Shoals. I take it that it would be admitted by learned Senators that that does not authorize the construction of a steam plant at New Johnsonville.

The next section to which I wish to refer is section 15. That is the section in which authority was given to issue bonds. The authority terminated in

1944. In section 15 there is reference again to a steam plant:

The Board, whenever the President deems it advisable, is hereby empowered and instructed to complete dam No. 2 at Muscle Shoals, Ala., and the steam plant at nitrate plant No. 2 in the vicinity of Muscle Shoals.

If the Congress intended that the Board should have the authority to construct steam plants anywhere at any time, why did it use printer's ink to give this specific authority to construct, own, and operate the steam plant at nitrate plant No. 2 at Muscle Shoals? I think the question carries with it its own answer.

Mr. President, I should like to conclude as I started. I think the authority given to the TVA under the act is summarized as clearly and specifically as it is possible to do in words. That language is contained in section 23 of the act. There are set out six purposes which Congress says are the general purposes of the act. I submit that not one of them is the purpose to construct, maintain, or operate a steam plant.

Mr. KNOWLAND. Mr. President—

Mr. KEM. I am glad to yield to the Senator from California.

Mr. KNOWLAND. I thought the Senator had concluded.

Mr. KEM. No.

Mr. President, I believe that clearly, through an excusable omission in failing to consult the general act of authority, our committee has inserted in this appropriation bill a piece of general or new legislation, and that the point of order should be sustained.

Mr. KNOWLAND. Mr. President, I submit that the point of order is not well taken, because I think we must consider not only the whole TVA Act, but the common-sense principles upon which it must rest.

Certainly there is no question of doubt that the spirit of the TVA Act was not only to set up hydroelectric plants and multiple-purpose dams, but also to set up an integrated electric-power system in that area, to such an extent that authority was given for the TVA to take over the existing power system. Inasmuch as that was done, it is not common sense, in the judgment of the junior Senator from California, that they would set up an integrated power system and at the same time would eliminate the possibility of firming up power with a steam plant, when there is not a publicly owned or privately owned utility system in the country which does not have to depend upon steam plants for the firming up of electric power.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. KNOWLAND. Let me finish this thought, and then I shall be glad to yield to the Senator.

During the course of the hearings the junior Senator from California, who presided at a number of them, raised certain questions as to the reason for the location at New Johnsonville. The reason will be found on page 42. A map of that area was submitted, showing that

the New Johnsonville location is substantially in the center of the power load. The question occurred to me as to why it should not be located at Memphis or some other place.

Therefore I submit that the language in the bill, "one steam plant at New Johnsonville, Tenn.," is not in fact new legislation, but rather is merely a limitation in the appropriation act, so that they could not take the money which the committee desired to have appropriated for the purpose of constructing a steam plant and locate it either outside the TVA area—which, of course, they would not do—or in some area where they could not get the full economic use of the plant.

I am sure that the able Senator from Missouri knows the farther electricity must be transmitted—and this is true whether it be a steam plant or a hydroelectric plant—the greater the power losses are in transmission. It seems to me that it is good economics, and is a saving of money to the TVA—which in turn means saving money to the Federal Treasury—to have this plant located where it can receive the greatest economic benefit. Therefore, the language is merely a limitation in an appropriation bill, for which there is ample right and precedent, rather than in any degree being new legislation.

Mr. KEM. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. KEM. Did the Senator understand the Senator from Missouri to say that he was objecting to the location of the plant at New Johnsonville, Tenn., if such plant were to be built?

Mr. KNOWLAND. No; I did not. I was merely pointing out to the able Senator that to that extent the language was a limitation by the Appropriations Committee so that the plant would be placed where the testimony showed it would render the greatest economic value to the TVA project.

Mr. KEM. Mr. President, I think the Senator is devoting his very respectable powers of argument to the point that New Johnsonville, Tenn., is a proper, fit, and apt location for this plant, which is entirely beside the point. I did not for a minute make the point that New Johnsonville is not a good location for such a plant, if such a plant is to be built, or that New Johnsonville is not a central location. I know nothing about that.

My point is that at no time has the Congress authorized the construction by the TVA of a steam plant at New Johnsonville, or at Knoxville, or at New York, or at Oakland, Calif., or at Kansas City, Mo., or anywhere else. Until such an authorization is made, I say it is improper, and subject to a point of order, for the Appropriations Committee to undertake to put such a law on the statute books.

Mr. KNOWLAND. Mr. President, I submit to the able Senator from Missouri that it is not at all unusual for the Appropriations Committee, in dealing with an authorized project—and I think there is no question that the TVA is an authorized project—to indicate in an ap-

appropriation bill that certain amounts of the funds to be appropriated will be for transmission lines or for power plants or, as in the case of the Central Valley project in my State, will specifically be allocated for the Friant-Kern canal, or the Delta-Mendota canal, or the Shasta Dam, or whatever it may be. It is well within the province of the Appropriations Committee, when recommending the appropriation of money for irrigation purposes, to place certain limitations on the money, so that it will not be misapplied by being used for power projects, or vice versa.

In this limitation we have tried to indicate that of that amount of money, a part of it—as we have set forth in our report and in the bill—shall be for the construction of a steam plant at New Johnsonville, Tenn., and shall not be used for some other purpose—for instance, let us say, for research work or for something else. I think that is well within the power of the Appropriations Committee.

Mr. KEM. Mr. President, if the Senator from California will permit me to say so, I think he is assuming the point at argument, which is that the TVA is authorized to build or construct or own a steam plant. If the Senator from California will be kind enough to point out to us the place in the TVA Act where the ownership and construction of such a steam plant is authorized, then I shall be glad to take into consideration the argument he has made.

However, the point is not the good faith of the Appropriations Committee. Certainly, that has not been challenged. The point is not whether New Johnsonville, Tenn., is a proper or central location for the proposed plant.

The question is whether under the enabling statute the ownership or construction of a steam power plant anywhere has been authorized by the Congress.

Mr. KNOWLAND. I submit that when the act says "powerhouses," it is obvious that a powerhouse or power plant can be either a steam plant or a hydroelectric plant, and that the intent of the Congress and the language of the law are sufficient to cover either one, both of which would be necessary in order to carry out this integrated program.

For the Senator from Missouri to take a narrow interpretation of the phrase "power plant" as meaning solely a hydroelectric power plant, I do not think is a realistic approach. I think a power plant can be either a steam power plant or a hydroelectric power plant—or, in fact, it could be an atomic-energy power plant. If, either in this case or in any other case, the law provided for a power plant, and if, 10 or 15 years later, we were to find that we could better generate power by means of atomic energy, I hope the Senator would not take the position that that narrow interpretation should be placed on that term—namely, that we could not make the fullest possible use of the technological developments which we hope to achieve.

Mr. KEM. Mr. President, several rather interesting propositions have been advanced in the course of this discussion, but I think the one advanced just now

by the Senator from California is perhaps the most interesting of all. That seems to be that if the TVA is authorized to construct a power plant for hydroelectric power, which we admit it is, or if it is authorized to own a steam plant at Muscle Shoals, which we admit it is, then by some hocus-pocus it has acquired the power to keep up with industrial and scientific developments, wherever they may lead.

As I understand the Senator from California, he is advancing the proposition that if the Congress authorizes the TVA to construct and own a steam plant at Muscle Shoals or to construct, own, and operate hydroelectric plants along the Tennessee River, then the TVA may also keep a weather eye on scientific development and may acquire an atomic plant at Kingsport, Tenn.

Mr. KNOWLAND. Mr. President, the language to which I called the Senator's attention did not refer to a hydroelectric plant or to a steam plant. It was "powerhouses," or "power structures." I submit to the able Senator from Missouri that it would be the duty of any well-run firm, whether privately owned or publicly owned—of course, this is purely a hypothetical question, as the Senator must realize, because we do not now have commercial production of atomic power for electric-generating purposes—but if in the course of years it should be established that it was possible more economically and more efficiently to generate power by means of atomic energy than by means of a hydroelectric power plant or a steam plant, I should say that probably every public utility in the country would be interested in that, if they could save money to their rate payers and also to the companies themselves. In that case, I think every privately owned public utility and every publicly owned public utility would be interested, and certainly they should not be foreclosed from participating in that development in the course of the years, if such a development occurs.

Therefore, I merely say that when power plants are mentioned in this connection, I do not think that specifically means hydroelectric power plants and I do not think it specifically means steam power plants, but I think it means power plants using whatever can be used best to do the particular job.

Mr. KEM. Mr. President, the Senator from California is, then, of the serious opinion that under the TVA Act, the Tennessee Valley Authority could engage, today, in the generation of power by atomic energy created from fissionable materials.

Mr. KNOWLAND. No; I did not say that, because of course that would depend on the Atomic Energy Act itself and on the safeguards which might be set up by the Atomic Energy Commission, and whether in the judgment of that Commission it would be possible, without disclosing anything that might be of a military nature, to license—either to publicly owned or privately owned power companies—whatever type of plant might be necessary for the manufacture of electric power through the use of fissionable materials. I merely

mention that as a possibility for the future. No man is wise enough today to know how quickly such a future development might come upon us.

Mr. KEM. Mr. President, I do not know that I follow the Senator from California in the various ramifications of his argument. But so far as the Senator from Missouri is concerned, I say that if the TVA wishes to engage in the use of atomic energy, it should come to congress for specific authority for that purpose.

The PRESIDENT pro tempore. May the Chair inquire of the Senator from Missouri whether he takes the position that the term "powerhouses" refers exclusively to hydroelectric power?

Mr. KEM. I think it does specifically so refer, in view of the context in which it is used. The President pro tempore has in mind section 4; does he?

As was pointed out in the colloquy with the Senator from Alabama, I think language authorizing the construction of the dams on the Tennessee River and its tributaries, as set out specifically—the Wilson Dam, the Norris Dam, the Wheeler Dam, and the Pickwick Landing Dam—specifically modifies the language of the entire section, and that the authority to construct power structures, as well as transmission lines, navigation projects, and incidental works on the Tennessee River and its tributaries, and to unite the various projects by one or more transmission lines, necessarily is so modified and qualified.

I shall tell the Chair why I think that is so. If it were not so, that would have created on the Tennessee River a veritable octopus that could reach out all over the United States and acquire all sorts of power plants. As the Senator from California has said, they could engage in the generation of atomic energy. They could come into my State and say, "We think in our judgment it is wise for us to come into Missouri, because your power plants could compete with ours, and you compete in our market." I think the only reasonable construction of the language is that the power structures referred to are the power structures at the Wilson Dam, Norris Dam, Wheeler Dam, and the Pickwick Landing Dam, and incidental dams on the Tennessee River.

The PRESIDENT pro tempore. The Chair would like to submit another question to some Senator who can answer it. The Chair would like to know whether the subject of justification arose in the committee in the consideration of the amendment. If it did, the Chair assumes the presence of the amendment in the reported bill would indicate the committee had resolved the matter in favor of the validity of the amendment. But the Chair has understood there was some discussion of the matter in the committee and would like to be advised what happened in committee in this connection.

Mr. FERGUSON. Mr. President, I recall no discussion at all as to whether this was legislation.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. KNOWLAND. I think the Senator will agree with me when I say—and it fits in with his explanation, which I agree is correct—that no point of order was raised against this amendment as being legislative and therefore inappropriate.

Mr. FERGUSON. That is correct. It was not mentioned, was it?

Mr. KNOWLAND. It was not mentioned as to that point.

Mr. FERGUSON. That is what I mean.

Mr. KNOWLAND. Of course, the power plant at New Johnsonville was mentioned and there was considerable discussion concerning it, but the point of order was not raised.

Mr. FERGUSON. The point of order was not raised.

Mr. KNOWLAND. That is correct.

Mr. FERGUSON. We have an understanding of it.

Mr. HILL. Mr. President, referring to the words "powerhouses and other structures," in paragraph (i) subsection 4, and the words "powerhouses" and "power structures" of subsection (j) of section 4, I strongly contend that the use of those words meant any kind of powerhouse or power structure, whether it was a hydroelectric powerhouse or a steam powerhouse. A steam plant is as much a powerhouse as any other power plant, you get electric power from a steam plant as well as from a hydro plant. But if for the sake of argument there should be any doubt that "powerhouses and power structures and other structures" means steam plants, when we turn to the other sections of the bill, the other sections make it absolutely clear that those words mean a steam plant or steam powerhouse as well as a water powerhouse. I call the Chair's attention to page 22, section 14, of the TVA Act the language of which has been quoted before. The last sentence in that section says:

In like manner, the cost and book value of any dams, steam plants, or other similar improvements hereafter constructed and turned over to said Board for the purpose of control and management shall be ascertained and allocated.

The PRESIDENT pro tempore. Will the Senator state again where he is reading?

Mr. HILL. I am reading from page 22, section 14 of the TVA Act. Possibly I had better read the whole section. Section 14 reads:

The Board—

That means the TVA Board—

shall make a thorough investigation as to the present value of dam No. 2—

We knew it then as dam No. 2. It is now known as the Wilson Dam. That was the dam built during World War I, in 1917-18. The dam was in existence, owned by the Government of the United States, at the time the TVA Act was passed in 1933.

The Board shall make a thorough investigation as to the present value of dam No. 2—

The Wilson Dam, in other words—and the steam plants at nitrate plant No. 1 and nitrate plant No. 2—

Both those steam plants, the steam plant at nitrate plant No. 1, the steam

plant at nitrate plant No. 2, were built in 1917-18, during World War I, and were in existence when the TVA Act was enacted. Congress directed that the Board should estimate the value of the dam and of those two steam plants, and then, as to the cost of the Cove Creek Dam, which was a dam then under consideration for construction, now known as the Norris Dam—

for the purpose of ascertaining how much of the value or the cost of said properties shall be allocated and charged up to (1) flood control, (2) navigation, (3) fertilizer, (4) national defense, and (5) the development of power. The findings thus made by the Board, when approved by the President of the United States, shall be final, and such findings shall thereafter be used in all allocation of value for the purpose of keeping the book value of said properties.

Up to that point, Mr. President, section 14 dealt with properties, steam plants, and a dam then owned by the Government of the United States, and which, under the act, were to be turned over to the TVA Board. The act did not stop there. It went further and said what?

In like manner—

That is, in the manner previously provided in section 14—

the cost and the book value of the dams, steam plants, or other similar improvements hereafter constructed—

Showing it was the clear intent and purpose of the act that there would be steam plants, in the language of this section, "hereafter constructed."

So there can be no question but what section 14 confirmed the fact that it was the intent and purpose that powerhouses, power structures, and other structures should include steam plants as well as water plants. The statute was doing what? It was providing for the allocation of costs and book value of what? Of this very Johnsonville plant which is before the Congress today, if Congress appropriates the money and the steam plant is constructed.

I turn to section 15. What do we find in that section? Section 15 was a part of the original act, Mr. President. Section 15 says:

In the construction of any future dam, steam plant, or other facility, to be used in whole or in part for the generation or transmission of electric power, the Board is hereby authorized and empowered to issue on the credit of the United States and to sell serial bonds not exceeding \$50,000,000 in amount, having a maturity not more than 50 years from the date of issue thereof.

In other words, Congress provided not only for the construction of steam plants, but for the issuance of bonds with which to pay for them, the idea at that time being that it might be that the TVA would be financed not so much from appropriations out of the Treasury as from bonds issued by the TVA, and guaranteed by the Government. So Congress again clearly authorized the construction of steam plants.

As to section 15 (a), Mr. President, that section does not in any way, shape, fashion, or form, take anything away from section 15 or in any way repeal section 15. It simply adds additional

power for the purchase of steam plants, dams, and power facilities. Section 15 (a) constitutes the language of the bill which Congress enacted in 1939, authorizing the TVA to purchase properties of private power companies in the Tennessee Valley. The question arose as to whether, under the act, the TVA would have the authority to purchase dams, steam plants, and other power facilities. There was on question raised that TVA would not have the power to construct steam plants, dams, transmission lines, and power facilities, but there was a question as to purchasing properties without some further authorization from the Congress.

That is how section 15 (a) came into the act.

Mr. President, section 15 clearly authorized the construction of steam plants, dams, and so forth, and the issuance of bonds to pay for the same. Then the question came up as to buying the properties private power companies in the TVA area, and whether or not the TVA had authority to purchase dams and steam plants or transmission lines and other power facilities. In order that there might be no doubt about the authority, section 15 (a) was added to the act through the bill which was passed in 1939, to give to the TVA the additional power of purchasing as well as constructing steam plants, dams, and other power facilities.

In that connection, Mr. President, I should like to call the Chair's attention to the language of the report of the Senate Committee on Agriculture made on the bill reported in 1939, the bill which, as I say, embodied section 15 (a). Here is what the Senate committee said:

Under the existing Tennessee Valley Authority Act, as amended, the Board of Directors of the Tennessee Valley Authority are empowered to issue bonds and use the proceeds thereof for the construction of dams, steam plants, or other facilities to be used for the generation and transmission of electric power, also for the construction or acquisition of transmission lines, and for making loans to municipalities and cooperative organizations for the purchase of existing transmission lines and distribution properties. The authority under the law to issue bonds for the purchase—

Mr. BALDWIN. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. BALDWIN. From what section is the Senator reading?

Mr. HILL. I am reading from a report of the Senate Committee on Agriculture and Forestry which accompanied the bill which was passed in 1939 embodying section 15 (a).

Mr. BALDWIN. I apologize for the interruption.

Mr. HILL. The committee report went on to say:

The authority under the law to issue bonds for the purchase of existing generating facilities is extremely doubtful. It is this defect—

That is, a defect with reference to purchase—

It is this defect in existing law which the proposed amendment is designed to remedy.

That is Senate Report 189, Seventy-sixth Congress, first session, pages 1 and 2.

When the bill came up for consideration by the Senate the then majority leader, the Senator from Kentucky [Mr. BARKLEY], had this to say:

This bill proposes to consolidate sections 15 and 15 (a) of the existing Tennessee Valley Authority Act, so as to make it perfectly clear that in addition to the right and authority to construct transmission lines and all other sorts of public utilities, such as those that are contemplated by this purchase—

Remember, Mr. President, that in the purchase were some steam plants owned by private power companies—

the Tennessee Valley Authority may also purchase them. There has been some doubt expressed as to the authority of the TVA under existing law, to purchase these properties.

That is, the properties of private power companies, referring to dams, steam plants, transmission lines, and other power facilities.

The Senator from Kentucky then stated that—

The Tennessee Valley Authority could undoubtedly construct similar properties.

The late Senator Norris spoke on that occasion, and here is what he had to say, Mr. President:

Under existing law the TVA could issue bonds and build the plants—

Namely, the steam plants of private power companies, along with any other installations which the private power companies had—

but there is a question whether it can purchase the plants when they have been built by others. It may be a doubtful question, but in order to be sure about that, this measure has been offered.

Mr. President, I happen to be the author of the bill for the creation of the TVA. It was passed by the House of Representatives, as the distinguished Senator from Tennessee [Mr. McKellar] said earlier in the afternoon. I sat on the conference committee of the two Houses assisting in ironing out certain differences. There was no question in the minds of the conferees that the act authorized the TVA Board to build dams, steam plants, transmission lines, and any other power facilities which might be necessary for the orderly, economical, and businesslike generation and distribution of power and for the development and operation of an integrated and complete system in the Tennessee Valley.

I submit to the Chair that the language in section 4 certainly, as it is fortified and sustained by the language in sections 14 and 15 of the act, make it definite and clear that there is no question but that the construction of a steam plant is authorized by the Congress.

In that connection, Mr. President, I have before me the language which authorized the construction of the Watts Bar steam plant, a plant constructed by the TVA. I quote the language in the law today (54 Stat. 781):

as an additional amount to carry out the provisions of the Tennessee Valley Authority Act of 1933, approved May 18, 1933, as amended by the Acts approved August 31, 1935, and July 26, 1939, including the funds necessary to begin construction of a dam on the Holston River near Jefferson City,

Tenn.; to begin installation of two additional electric generating units at Wilson Dam, Alabama, and one additional electric generating unit at Pickwick Landing Dam, Tennessee; and to begin construction of steam electric generating facilities with a rated capacity of approximately 120,000 kilowatts in the area served by the Authority.

Mr. President, that is the language of the Act passed by Congress in 1940 for the construction, for the building of what is known as the Watts Bar steam plant, a plant built with funds from the Treasury of the United States appropriated by the Congress, built by the TVA for the TVA and now a part of the TVA system.

Therefore, Mr. President, in view of the clear language of the act the clear intent of the Congress, there can be no question but that the steam plant is authorized, and that the Appropriations Committee has full authority to bring in this appropriation under this authorization, and the point of order should be overruled.

Mr. BALDWIN. Mr. President, I do not wish to labor the point, but I should like to say just one further word.

It has always been a rule of construction in the courts, I have understood, that when items are set forth in specific terms, it is a fair assumption that those items which are not included in specific terms are not to be included as being implied. In other words, if a statute mentions one thing specifically and fails to mention another specifically, it is rather indicated that the item which is left out was left out intentionally, and only those things are to be included which were specifically set forth.

Applying that to the section of the bill which gives the power to this corporation, we find that there is no mention whatever of steam plants. The mention is of dams, reservoirs, rivers, tributaries, and the construction of channels to maintain a water level. The language is all in terms dealing with water, in connection with a hydroelectric development.

The clause granting powers to this corporation then proceeds to say:

shall have power to acquire or construct powerhouses, power structures, transmission lines, navigation projects, and incidental works in the Tennessee River and its tributaries.

There is no mention whatever of a steam plant. Therefore the powerhouses and the power structures specifically referred to are to be considered in connection with a hydroelectric development, and not a steam development.

Mr. KEM. Mr. President, will the Senator yield?

Mr. BALDWIN. I yield.

Mr. KEM. I should like to ask the Senator if section 7, section 15, and section 16 do not each show that the draftsman of the act knew exactly how to express the concept of the steam plant when and if he intended to use it.

Mr. BALDWIN. I think that is definitely so. I intended to make the further point that since subsequent provisions specifically mention steam plants, it is a fair assumption that they were not included in the earlier sections. Had

they been, there would have been no need of making specific reference to them later.

Mr. HILL. Section 15 was in the original act and section 15 (a) was subsequent thereto to authorize the purchase, in addition to the construction of steam plants, dams, and power facilities.

Mr. BALDWIN. That is the very point I am making.

Mr. HILL. They are both parts of the act today—one supplements the other.

Mr. BALDWIN. The very fact that the term "steam plant" is not mentioned in the first section I read, which was the one of general authorization, and that it is mentioned specifically later, but in terms that place a limitation upon it, is significant. For example, section 15 (a) provides, "The authority of the Corporation to issue bonds hereunder shall expire at the end of 5 years," which means bonds in connection with the construction of the steam plant. So that the authority to issue bonds in connection with the construction of the steam plant, I submit, expired at the end of 5 years.

Mr. HILL. Mr. President, will the Senator from Connecticut yield?

Mr. BALDWIN. I yield.

Mr. HILL. It was not a limitation of 5 years on the subsequent steam plants. Section 15 (a) was inserted in 1939 for the purchase of private power plants. It gave the TVA 5 years in which to buy these properties—to purchase them. It was not a limitation on the power of the TVA to construct plants.

Mr. BALDWIN. Mr. President, I merely wish to say, in concluding my remarks, that since the specific steam-plant provision was not included in the original general authorization of authority, although many other specific things were included, it is, under a fair rule of interpretation, to be assumed that steam plants were not intended to be encompassed by the general and specific authority granted.

Mr. COOPER. Mr. President, I should like to point out what I believe to be the fallacy in the argument of the distinguished Senator from Connecticut and in the argument of my good friend the distinguished Senator from Missouri.

I should like to have the President pro tempore consider exactly what is being proposed. The distinguished Senator from Missouri and the distinguished Senator from Connecticut are saying that because section 4 of the act creating the TVA does not specifically use the words "steam plant," or name the New Johnsonville steam plant, there is no authority contained in the act for the construction of this plant.

The Senator from Connecticut in his last argument, however, did not say that in section 4, subsection (1), after the words "dams, reservoirs, transmission lines, and powerhouses" are used, the general term "other structures" follows. The question which the President pro tempore must resolve is: Do the words "other structures" include steam plants?

As has been so ably argued by the distinguished Senator from Alabama [Mr. HILL] sections 14 and 15 of the same act indicate clearly that it is contemplated that the words "other structures"

shall be interpreted to include steam plants and to authorize their construction. If such general authority is not contemplated in the words "other structures" found in section 4, then it would be utterly ridiculous to speak in sections 14 and 15 of the construction of steam plants in the future. Section 14 first relates to the allocation of the cost of existing dams. Then it states:

In like manner, the cost and book value of any dams, steam plants, or other similar improvements hereafter constructed and turned over to said board for the purpose of control and management shall be ascertained and allocated.

Senators will note the use of the word "dams." Dams are specifically named in section 4 and their construction authorized. In section 14 steam plants are named with dams which implies that the construction of steam plants was authorized by the use of the words "other structures" in section 14.

In section 15 a method of financing the construction of steam plants was provided. Which could only mean that it was contemplated by the use of the words "other structures" in section 4 that steam plants could be constructed. If this is not a correct deduction and if it was never contemplated that steam plants could be built, why was it necessary to provide for their financing?

Argument has been made by the Senator from Missouri that the amendment of the TVA Act in 1938 withdrawing the power to finance steam plants by the issuance of bonds, destroyed any authority to construct steam plants. I say that the amendment simply removed a method of financing—a method of financing steam plants by bonds—but did not deprive the Congress of using other means, such as appropriations, to provide for the payment of steam plants, as is now proposed by the Committee on Appropriations.

In support of my position I point out that after section 15 was amended Congress appropriated funds to build a dam at Watts Bar.

So I say that by any reasonable theory of construction I believe there is no doubt that the words "other structures" in section 4 which relates to the general powers and authority of the TVA, certainly mean, when construed with other sections, that there is authority to construct steam plants.

One more point and I shall close. Section 31 of the act provides that the act must be liberally construed.

The PRESIDENT pro tempore. The Senator from Missouri makes points of order against three committee amendments on page 2; the first amendment which he challenges being the increased appropriation in line 7, the second amendment which he challenges being the increased appropriation in line 11, and the third amendment which he challenges being the language in line 13 "one steam plant at New Johnsonville, Tenn."

So far as the points of order against the first two amendments are concerned, the Chair thinks the situation is very clear. Rule XVI prohibits increased appropriations—

Unless the same be moved by direction of a standing or select committee of the Senate.

It seems to me quite clear that these increases are moved by a standing committee of the Senate. The points of order are overruled with respect to the first two amendments to which the Senator from Missouri has addressed himself.

This leaves the much more difficult question involved at line 13, and involved in the identification of "one steam plant at New Johnsonville, Tenn." The Chair finds himself in great perplexity in this connection, and regrets that the only wisdom he can bring to bear upon the subject is that of an ex-editor instead of a Senator seeking appointment as a judge of the United States Court with the equipment to justify him.

It seems to the Chair that the entire purpose of the legislation which must be construed, and particularly that purpose as described and identified in the committee reports accompanying the original legislation, contemplates an integrated system, and it seems to the Chair that an integrated system includes not only dams and hydroelectric works, but also steam plants, as identified in the specific language in section 14 of the amended act.

It seems to the Chair that the point made by the junior Senator from Kentucky [Mr. COOPER] is thoroughly persuasive, and that the words "other structures" in subsection (i) of section 4 must refer to something other than and in addition to dams, reservoirs, transmission lines, powerhouses, and so forth. It seems to the occupant of the Chair that the phrase "and other structures," in view of the nature of the entire legislation, could well include steam plants, in view of the other factors to which the Chair has referred.

The Chair is very reluctant to overrule the point of order because of the very persuasive argument presented by the distinguished Senator from Missouri [Mr. KEM] and his associates in connection with it. It seems to the Chair that it is a close point. The Chair would like to make it very plain that after he has ruled he will consider that the action is in no sense prejudicial if the able Senator from Missouri wishes to appeal from the decision of the Chair. In fact, the first impulse of the Chair was to leave the decision to the Senate, as would be possible under the rules, but it seemed to the Chair that he first should indicate his own impression on the subject.

Therefore the point of order is overruled, and if the able Senator wishes to appeal from the decision of the Chair, the Chair will be very glad indeed to submit the appeal to the Senate.

Mr. KEM. Mr. President, I am content with the ruling of the Chair. The matter, of course, will be finally disposed of by a vote on the proposed amendment.

Mr. FERGUSON. Mr. President, certain statements have been made in relation to the available power throughout the United States generally. I want to submit for the RECORD a "key list for summary of power survey" and a "summary of capability, peak load, and margins of reserve in the Federal Power Commission region, 1947 to 1951." There seems to be considerable misinformation respecting the availability of power in America. I present the follow-

ing figures from the summary of capability, peak load, and margins of reserve.

The United States total for 1947 was as follows: Capability, 45,278. Peak load, 43,225. Margin of reserve, 2,053. Percentage of reserve, 4.7.

The same percentage of reserve, 4.7, exists for 1948.

The figures for 1949 are as follows: capability, 54,482. Peak load, 50,416. Margin of reserve, 4,066. Percentage of reserve, 8.1.

In 1950 the capability will be 59,612. The peak load will be 53,256. The margin of reserve will be 6,356. The percentage of reserve will be 11.9.

In 1951 the capability will be 64,028. The peak load will be 55,798. The margin of reserve will be 8,230. The percentage of reserve will be 14.7.

Mr. President, I ask unanimous consent that the key list for summary of power survey, and the summary of capability, peak load, and margins of reserve, be printed in the RECORD at this point.

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

Key list for summary of power survey

Region	Area	Code No.	Company name
I	1.....		
	2.....	Pool A...	New England pool.
	3.....	Pool B...	Upper New York State.
	4.....	363.....	Consolidated Edison Co. of New York.
		354.....	Central Hudson Gas & Electric Co.
		361.....	Long Island lighting system.
	5.....	Pool C...	Pennsylvania-New Jersey interconnection.
	6.....	Pool D...	Baltimore-Washington pool.
			North Central.
II	7, 8, 9, 10, 12, 19.	Pool E...	
III	11.....	Pool F...	Michigan.
	18.....	541.....	Virginia Electric & Power Co.
	19.....		
	20.....		
	21.....	384.....	Carolina Power & Light Co.
		389.....	Duke Power Co.
		474.....	South Carolina Electric & Gas Co.
	22, 23, 24.	Pool G...	Commonwealth & Southern-Savannah Electric and Power and Florida Companies.
IV	13.....	Pool H...	5 major utilities—eastern Wisconsin.
	14-40.....	Pool I...	Northern Illinois pool.
	14, 17, 29.	Pool J...	United interconnection (less Iowa companies).
	15.....	302.....	Union Electric Co. of Missouri and subsidiaries.
	16.....	277.....	Northern States Power Co.
	17.....	163.....	Iowa Illinois Gas & Electric Co.
			Iowa Power & Light Co.: Central.
		160 s w.....	Southwest.
		157.....	Iowa Electric Co.
		161.....	Central States Electric Co.
		151.....	Interstate Power Co.
		156 c.....	Iowa Public Service (east).
		164-156 w.	Sioux City Gas & Electric and Iowa Public Service (west).
		222.....	Iowa Electric Light & Power Co.
V	25, 33, 34, 35, 38.	158.....	Iowa Southern Utilities.
	36.....	Pool K...	Southwest power pool.
		347.....	Southwestern Public Service Co.
	37, 38.....	Pool L...	North Texas interconnected.
		Pool M...	South Texas interconnected.
		516.....	West Texas Utilities Co.
VI			
VII		Pool N...	Northwest power pool.
VIII		Pool O...	Pacific Southwest pool.

Summary of capability—peak load—margins of reserve—FPC regions, 1947-51

ADVERSE HYDRO CONDITIONS

	1947	1948	Percent	1949	Percent	1950	Percent	1951	Percent
Region I:									
Capability.....	13,192	14,332	6.1	15,388	4.0	16,523	3.6	17,547	3.1
Peak load.....	12,456	13,215		13,748		14,242		14,680	
Margin of reserve.....	736	1,117		1,640		2,281		2,867	
Percent reserve.....	5.9	8.5		11.9		16.0		19.5	
Region II:									
Capability.....	10,293	10,916	11.4	12,440	6.3	13,443	5.6	14,198	4.5
Peak load.....	9,732	10,842		11,520		12,161		12,714	
Margin of reserve.....	561	74		920		1,282		1,484	
Percent reserve.....	5.8	0.7		8.0		10.5		11.7	
Region III:									
Capability.....	4,257	4,715	10.2	5,048	7.5	5,490	5.9	5,942	5.7
Peak load.....	4,168	4,595		4,939		5,232		5,530	
Margin of reserve.....	89	120		109		258		412	
Percent reserve.....	2.1	2.6		2.2		4.9		7.5	
Region IV:									
Capability.....	5,760	6,225	8.5	6,679	6.1	7,453	3.8	7,945	3.7
Peak load.....	5,767	6,260		6,644		6,897		7,149	
Margin of reserve.....	(7)	(35)		35		556		796	
Percent reserve.....	(0.1)	(0.6)		0.5		8.1		11.1	
Region V:									
Capability.....	3,127	3,558	15.7	4,033	10.8	4,684	10.0	5,300	6.0
Peak load.....	3,002	3,474		3,850		4,234		4,490	
Margin of reserve.....	125	84		183		450		810	
Percent reserve.....	4.2	2.4		4.8		10.6		18.0	
Region VI:									
Capability.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Peak load.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Margin of reserve.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Percent reserve.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Region VII:									
Capability.....	3,560	3,820	12.0	4,000	9.8	4,330	8.6	4,370	7.3
Peak load.....	3,550	3,975		4,365		4,740		5,085	
Margin of reserve.....	10	(155)		(365)		(410)		(715)	
Percent reserve.....	0.3	(3.9)		(8.4)		(8.6)		(14.1)	
Region VIII:									
Capability.....	4,418	5,205	8.8	5,773	8.1	6,302	7.5	7,074	7.0
Peak load.....	4,550	4,950		5,350		5,750		6,150	
Margin of reserve.....	(132)	255		423		552		924	
Percent reserve.....	(2.9)	5.2		7.9		9.6		15.0	
United States total:									
Capability.....	44,607	48,771	9.5	53,361	6.6	58,225	5.6	62,376	4.8
Peak load.....	43,225	47,311		50,416		53,256		55,798	
Margin of reserve.....	1,382	1,460		2,945		4,969		6,578	
Percent reserve.....	3.2	3.1		5.8		9.3		11.8	

MEDIAN HYDRO CONDITIONS

	1947	1948	Percent	1949	Percent	1950	Percent	1951	Percent
Region I:									
Capability.....	13,274	14,416	6.1	15,472	4.0	16,607	3.6	17,631	3.1
Peak load.....	12,456	13,215		13,748		14,242		14,680	
Margin of reserve.....	818	1,201		1,724		2,365		2,951	
Percent reserve.....	6.6	9.1		12.5		16.6		20.1	
Region II:									
Capability.....	10,328	10,981	11.4	12,505	6.3	13,508	5.6	14,263	4.5
Peak load.....	9,732	10,842		11,520		12,161		12,714	
Margin of reserve.....	596	139		985		1,347		1,549	
Percent reserve.....	6.1	1.3		8.6		11.1		12.2	
Region III:									
Capability.....	4,357	4,815	10.2	5,148	7.5	5,590	5.9	6,042	5.7
Peak load.....	4,168	4,595		4,939		5,232		5,530	
Margin of reserve.....	189	220		209		358		512	
Percent reserve.....	4.5	4.8		4.2		6.8		9.3	
Region IV:									
Capability.....	5,846	6,315	8.5	6,773	6.1	7,553	3.8	8,050	3.7
Peak load.....	5,767	6,260		6,644		6,897		7,149	
Margin of reserve.....	79	55		129		656		901	
Percent reserve.....	1.4	.9		1.9		9.5		12.6	
Region V:									
Capability.....	3,145	3,576	15.7	4,051	10.8	4,702	10.0	5,318	6.0
Peak load.....	3,002	3,474		3,850		4,234		4,490	
Margin of reserve.....	143	102		201		468		828	
Percent reserve.....	4.8	2.9		5.2		11.1		18.4	
Region VI:									
Capability.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Peak load.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Margin of reserve.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Percent reserve.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Region VII:									
Capability.....	3,560	3,850	12.0	4,360	9.8	4,950	8.6	5,200	7.3
Peak load.....	3,550	3,975		4,365		4,740		5,085	
Margin of reserve.....	10	(125)		(5)		210		115	
Percent reserve.....	0.3	(3.1)		(0.1)		4.4		2.3	
Region VIII:									
Capability.....	4,768	5,605	8.8	6,173	8.1	6,702	7.5	7,524	7.0
Peak load.....	4,550	4,950		5,350		5,750		6,150	
Margin of reserve.....	218	655		823		952		1,374	
Percent reserve.....	4.8	13.2		15.4		16.6		22.3	
United States total:									
Capability.....	45,278	49,558	9.5	54,482	6.6	59,612	5.6	64,028	4.8
Peak load.....	43,225	47,311		50,416		53,256		55,798	
Margin of reserve.....	2,053	2,247		4,066		6,356		8,230	
Percent reserve.....	4.7	4.7		8.1		11.9		14.7	

1 No data.

Mr. FERGUSON. These tables indicate that we do not have the shortage of power which has been stated from time to time in this debate.

I invite the attention of the Senate to some facts which were obtained from the TVA office today, showing peak demands. In 1945, on July 31, there was a peak demand of 1,192,000 kilowatts, of which 311,000 were from steam. On December 20, 1946—and these are the highest peak demands in the year—the figure was 2,304,000 kilowatts, of which 332,000 were from steam. On December 30, 1947, the figure was 2,309,000 kilowatts, of which 383,000 were from steam. The reason I call this to the attention of the Senate is that there was a capacity in the steam plants of 450,000. Therefore they were not using all of their capacity.

It has been stated a number of times that the purpose of the steam plant is merely to firm up the power and avoid a shortage. In the record of the hearings is to be found language which I shall read into the RECORD. As I stated yesterday, these are my personal views and not the views of the committee. I do not speak for the committee, as I indicated yesterday.

I read from page 268:

Those are the sales to the so-called preference customers, being the sales to municipalities and cooperatives, plus the very minor amount of retail sales. In our view as related to the total sales, the striking feature of that chart is the small proportion of the TVA's energy production which went to these preference customers. Obviously TVA's energy production is far in excess of the requirements of those preference customers.

That would indicate that the preference customers were not going to get the big increase shown by the chart which Mr. Clapp placed in the record.

On page 268 will also be found the following:

This would be particularly true, if from TVA sales to Federal agencies, there were omitted the sales of secondary or "dump" energy made as a matter of money saving to, and not one of necessity on the part of, the Federal agencies.

On the question as to whether Oak Ridge is using any of this power, on page 269 we find the following:

Let us point out, this is new—that the great diffusion plant at Oak Ridge is provided with its own steam power plant of 238,000 kilowatts of capacity. While the details have not been made public, it is the general presumption that this vital enterprise is essentially self-sufficient as to electric power, with the TVA supplying stand-by service and supplying dump—

No amount was given.

Mr. McKELLAR. Mr. President, I should like to quote from page 8390 of yesterday's RECORD. The Senator from Minnesota [Mr. THYE] made the following statement:

As I understand, the testimony showed that today there is in Memphis, Tenn., a steam plant that is not being operated, but which could be used to firm up any power. They do not need that power at the present time. They anticipate in the future large industrial developments in the Tennessee Valley, and they want to be ready by 1952, with this \$54,000,000 plant, to furnish power to those new industries.

In the past few moments I have received a telegram from Mr. Thomas H. Allen, of the Memphis Power & Light Co., which is the light division in Memphis. The telegram is dated today, and is addressed to me. It reads as follows:

MEMPHIS, TENN., June 15, 1948.
Hon. K. D. McKELLAR,
Senate Office Building,
Washington, D. C.:

Commercial Appeal reports that Senator FERGUSON states there is a steam plant at Memphis that is not being operated. This plant has been operated continuously at high capacity. Further if money is made available now it would be fast work to complete a large plant by 1952.

THOS. H. ALLEN,
Memphis Power & Light Co.

Mr. FERGUSON. Mr. President, does the Senator recall what the testimony was at the hearing? It was to the effect that there was a plant there. It was at the Fisher body plant or one of the other plants. It was not in operation.

Mr. McKELLAR. I do not recall the testimony that it was not in operation. It is there.

Mr. FERGUSON. The record will show that.

Mr. McKELLAR. It was bought by the TVA.

Mr. HILL. Mr. President, the hearing shows not only that the plant to which the Senator from Tennessee is referring is in operation, but that 60 percent of the power goes to the Arkansas Power & Light Co., and 40 percent into the TVA system.

The Senator from Michigan said something about the TVA not using its peak capacity. Of course, no power company can contract for the sale of its peak capacity, because no power company knows what the peak capacity will be from year to year. A great deal depends upon how much rain the good Lord sends us, and how long a period of low water there is. One year the peak capacity may be very high. Another year the peak capacity may be very low. During 1 year conditions may be very tight, and it may be necessary to buy power from some other power company. During some other year, there may be power available above the amount which is contracted for sale. We cannot tell. A power company cannot sell right up to its peak capacity, because it does not know exactly what that peak capacity is going to be, and it must operate with some degree of safety.

In that connection, the Senator from Michigan made a statement with reference to the power available at this time. I have before me a news release by the National Security Resources Board. The Senate will recall that last year when the Congress passed the act for the unification of the armed services we established the National Security Resources Board. The Senator from Maryland [Mr. TYDINGS] will recall it, because he played a large part in drafting that legislation.

The idea in establishing the National Security Resources Board was that it might make plans and make some kind of a check on industrial preparedness, and prepare a program so that we could have not only military preparedness, but

industrial preparedness, which is just as essential, and in a way is basic to military preparedness.

The National Security Resources Board under the chairmanship of Mr. Arthur M. Hill, named a committee composed of Mr. E. Robert de Luccia, chief, bureau of power, Federal Power Commission; V. M. Marquis, American Gas & Electric Service Corp.; J. E. Moore, Ebasco Services, Inc.; and Barclay J. Sickler, of the Bonneville Power Administration, to make a study of our available power at this time. As a result of the investigation and the study by that committee, and after consultation with some 40 other experts on the question of power and the generation of power, who were brought here from throughout the country, the National Security Resources Board made a release on the twentieth of last May, in which it is stated, among other things:

The electric power situation in the United States was described as tight today by Arthur M. Hill, chairman of the National Security Resources Board, in a statement summarizing the results of a staff study.

Mr. President, I looked in the dictionary to see just what the definition of "tight" was. I had an idea what it was, but I was curious to see what the dictionary would say. One definition is "too close for comfort." So, Mr. President, the situation today is too close for comfort.

The release then says:

The seriousness of the situation, he said, lies in the fact that during 1947, electric power capacity was consumed to within a 5-percent average margin over peak loads, compared with more than a 20-percent margin in 1941.

In other words, in 1941, at the time when we were hurled into World War II, we had a 20-percent margin; but in 1947, the year just passed, we had less than a 5-percent margin.

The release continues as follows:

"The National Security Resources Board," Mr. Hill asserted, "will work actively with the other Government agencies and the industries involved to explore every possibility of expediting and enlarging the power program. We shall also keep in touch with developments so that we can recommend such governmental action as may be required in the light of future contingencies."

In that connection, too, Mr. President, I might add, inasmuch as the Senator from Kentucky seems to have yielded me the floor for the time being—for which I am grateful—that Mr. Arthur Hill, as Chairman of the National Security Resources Board, wrote a letter to the President of the United States, with the suggestion that the President might wish to transmit the letter to the Senate Appropriations Committee—which was done under date of May 24. In that letter Mr. Hill stated this:

On May 19, 1948, I submitted to you a report on the national electric power situation. With specific reference to the southeast, it is clear that the margins for reserves are inadequate for the period 1948 through 1951. Accordingly, every effort should be made by the Federal Government to support and expedite the power expansion program designed to relieve this critical power situation. From the standpoint of national security, a larger power cushion should be pro-

vided in order to permit prompt handling of future loads that may arise in connection with the rearmament program.

It is our understanding that the Senate Appropriations Committee is now considering the Tennessee Valley Authority's request for an appropriation to start construction of a steam generating plant on Kentucky Lake at New Johnsonville, Tenn. It is the opinion of the National Security Resources Board that the capacity from this proposed new steam plant is needed in the area and will provide, in combination with existing hydro-electric power, a greater margin of safety.

While other steam facilities might be constructed outside of the Tennessee Valley Authority's operating area, the New Johnsonville project would, in our opinion, provide a better solution to the power supply problem from the standpoint of location, fuel supply, coordination with existing hydro and minimum transmission to load centers.

If you agree with our conclusions, which are based entirely on national security considerations, you may wish to transmit this recommendation to the chairman of the Senate Appropriations Committee.

Sincerely yours,

ARTHUR M. HILL,
Chairman.

Mr. President, I do not desire to take any further time of the Senator from Kentucky, who has been very generous, except I wish to call the attention of Senators to the chart on page 60 of the hearings, which shows how this power is needed, not for large industries, not for new industries, but in large measure for residential consumption and for farmers and farm homes.

Mr. CAIN and other Senators addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Kentucky yield; and if so, to whom?

Mr. BARKLEY. I have promised to yield to the Senator from Tennessee, and I now yield to him.

Mr. STEWART. Mr. President, I merely wish to make a brief observation as a matter of interest. I am advised that today the TVA paid into the general fund of the Treasury the sum of \$7,536,325. That is out of power proceeds. That makes a total of approximately \$10,500,000 paid during this year.

In that connection, as a matter of further interest, I wish to say that if my information is correct, the TVA has earned a net profit, to date, after all depreciation allowances, of approximately \$97,000,000. Of that amount, nearly two-thirds has been reinvested in the expansion of the utility system. About \$34,000,000 has been paid back into the Treasury of the United States.

Mr. President, we were discussing the steam-power plant at Memphis. I should like to refer to the testimony at pages 112 and 113 of the hearings on the Government corporations appropriation bill, where Mr. Allen, who is the manager of the plant in the city of Memphis, was interrogated by the chairman of the subcommittee, the Senator from Michigan [Mr. FERGUSON]. I should like to read a little of the testimony. The Senator from Michigan asked Mr. Allen this question:

Where did you get power prior to that time?

In other words, prior to 1938, I believe, or about that date, when they first purchased TVA power.

Mr. Allen replied:

Prior to that, the city of Memphis was supplied by a plant then owned by the Memphis Power & Light Co.

The testimony continues as follows:

Senator FERGUSON. Who owns that plant now?

Mr. ALLEN. The Memphis Generating Co. Senator FERGUSON. And who is the Memphis Generating Co.?

Mr. ALLEN. That is all that is left in that area of the old Electric Bond & Share Co. property.

Senator FERGUSON. And what are they doing with that plant?

Mr. ALLEN. It has been operated 60 percent for the Arkansas Power & Light Co. and 40 percent purchased by the TVA; all that power comes into our system.

Then, after discussing that point a little, the following occurred:

Senator FERGUSON. It is still operating at full capacity, is it?

Mr. ALLEN. It has been operating at full capacity.

Senator FERGUSON. What would there be to prevent that plant from being enlarged by private industry?

Mr. ALLEN. That is a very old plant, Senator.

Senator FERGUSON. Is that the only thing that you know that would stop it from being enlarged?

Mr. ALLEN. It is located right in the heart of the city, almost, and enlargement of that plant to any great degree would involve the problem of securing water in large quantities, or to extend its spray pond, which it now uses for cooling the water, in an area where the land is not available for that kind of thing.

Senator FERGUSON. Did that plant, at the time you took this power from it, in 1938, furnish all power to the city of Memphis?

Mr. ALLEN. Not quite; some of it came from across the river, then.

Senator FERGUSON. But would you say practically all of it?

Mr. ALLEN. At that time, in July 1939, the peak of the Memphis Gas and Water Division, just after we took it over, on June 27, was 57,000 kilowatts and that plant would turn out 52,000 kilowatts. The rest of it came in by exchange from Arkansas Power & Light Co.

Senator FERGUSON. As you see this plant today, it would die just a natural death, it is going to pass out of the power picture?

Mr. ALLEN. We have all kept it alive down there because we need the power.

Senator McKELLAR. When was it built, if you remember?

Mr. ALLEN. I don't know when that plant was built. I remember with the curiosity of a kid of 15 or 16, roaming around in there, and that is a long time ago.

I read that testimony to emphasize that it is an old steam plant, practically incapable of being enlarged, and it is a plant of very small capacity for present needs. I read that testimony also to emphasize the fact that the plant has been operating at full capacity, and there has been no failure to use all the power developed at the plant and no lack of need for the operation of the plant at full capacity.

I think that is all I care to say, except that I want to see the amendment adopted.

Mr. FERGUSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Kentucky has the floor.

Mr. BARKLEY. I yield.

Mr. FERGUSON. Was there not another steam plant?

Mr. STEWART. My attention was called only to the one that Mr. Allen testified about.

Mr. FERGUSON. There was another one that was owned by some private company.

Mr. STEWART. If it was owned by some private company, that would be one. The testimony of Mr. Allen is another. That had not been called to my attention. I was not on the committee, and I attended only part of the hearings, but I heard that testimony.

Mr. FERGUSON. As I recall the fact, there were two plants.

Mr. STEWART. The hearings would disclose that. I did not know about it.

That is all I care to say, except I am anxious to see the amendment adopted.

Mr. FERGUSON subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD, following the point at which the junior Senator from Tennessee [Mr. STEWART] made certain remarks about the use of a plant at Memphis, Tenn., page 106 and 12 lines of page 107 of the hearings, which explain the matter and show that all the power facilities are not being used.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

PRIVATE INDUSTRIAL PLANTS FURNISHING THEIR OWN POWER

Senator FERGUSON. Mr. Bruce, you do furnish your own power?

Mr. BRUCE. That is right, sir.

Senator FERGUSON. Do you know why some of these larger industries, like the Reynolds Metals, and the other aluminum companies, should not put in plants and furnish their own power?

Mr. BRUCE. I could not answer that. Of course, the reason, Mr. Senator, why we furnish our power, is that we have waste from our manufacture, sawdust and shavings, and we utilize that to make our own power.

Senator FERGUSON. But it is not unusual for manufacturers, when they have a plant, to create their own power?

Mr. BRUCE. In the past, there have been quite a few of them. The Fisher Body Co. at Memphis, had a big power plant before it moved, and recently the paper plant which moved in there still has that operation.

Senator FERGUSON. You do not know whether they even operate that plant now, do you?

Mr. BRUCE. I do not know. The Firestone Rubber Co. in our city is the largest manufacturing plant for tires under one roof, in the world. They have a big plant.

Senator FERGUSON. They have a private power plant?

Mr. BRUCE. Yes.

Senator FERGUSON. And do you know whether that is being operated?

Mr. BRUCE. I do not; no sir.

Senator FERGUSON. So these two plants, the former Fisher Body plant and the Firestone Rubber Co. plant—you do not know whether they operated their own power plants?

Mr. BRUCE. No; I do not.

Senator FERGUSON. Is there anyone here who has that information?

Senator McKELLAR. Mr. Allen, do you know whether the former Fisher Body plant or the Firestone Rubber Co. plant operate their own power plant?

Mr. THOMAS H. ALLEN (of Memphis, Tenn.). The Firestone Rubber Co. does run its plant to the extent of their capacity, and they use the steam for processing purposes.

Senator FERGUSON. But not for power?

Mr. ALLEN. You see, as they need steam in the handling of their rubber, they take it off

the intermediate stages of the turbine, and, therefore, any amount of power they take off the turbines, produced by that amount of steam, they get for nothing. The balance of their power they buy from us. They are a very large user of our power. They just furnish enough of their own for the processing.

Senator FERGUSON. You are talking about the rubber?

Mr. ALLEN. Yes, sir.

Senator FERGUSON. What about the other plant?

Mr. ALLEN. Do you mean the Kimberly-Clark?

Senator FERGUSON. Yes.

Mr. ALLEN. They are under our own power.

Senator FERGUSON. And when did they start operations there?

Mr. ALLEN. They just started that plant. That was the Fisher Body before the war; after the war, Kimberly-Clark bought the plant.

Senator FERGUSON. When was the private power plant in the Fisher plant constructed?

Mr. ALLEN. It has been a good many years ago; I do not remember how long ago.

Senator FERGUSON. About how many years ago?

Mr. ALLEN. I would say 15 or 20 years.

Senator FERGUSON. What we are seeing down in this valley is that the private plants creating power are ceasing to function and the TVA is taking over that business?

Mr. ALLEN. We are taking over a large part of it.

Mr. STEWART. Mr. President, I should like to ask the Senator from Michigan a question.

Mr. FERGUSON. I yield.

Mr. STEWART. The matter the Senator from Michigan has just had inserted in the RECORD applies to power plants owned by private industry, I believe.

Mr. FERGUSON. That is correct.

Mr. BARKLEY. Mr. President, I wish to make a brief statement in support of the committee amendment dealing with construction of the steam plant. I do not do so merely because I live within the Tennessee Valley. Under the same circumstances I would support such an amendment if it were in the Connecticut Valley, the Columbia Valley, or any other valley in the United States.

I suppose our proximity to a given problem has influence upon the degree of our support or opposition to it. I do not believe I am prejudiced in favor of the Tennessee Valley as against any other valley, because I should very much like to see ultimately all the water resources in the United States harnessed for the benefit of the American people. I realize that private enterprise or private capital is not going to do that and cannot do it, any more than it could do it in the Tennessee Valley. So I hope nobody in the Senate or anywhere else will feel that I am prejudiced in behalf of this particular amendment because it is in the Tennessee Valley.

In the first place, I support the amendment because its adoption and the construction of the plant will not necessitate nor probably result in the transfer of any industry from any other part of the United States into the Tennessee Valley. Up until this time I do not believe there has been a single industry or a single plant moved from its original situs into the Tennessee Valley because of the development of that valley. Enterprises and industries have developed in the val-

ley, some of them, as has already been indicated, for the production of raw materials that feed important industrial plants all over the United States. I have in mind now an industry located in the State of Pennsylvania which would like to establish a subsidiary plant in the Tennessee Valley for the production of raw materials to be sent to its factory in Pennsylvania to supply it with the material from which it produces the finished product. That is not a detriment to the industry where it is located. It is a benefit to it, because it supplies a larger quantity of raw material with which to furnish the country the finished product, which it produces, and gives more employment to more people in the community where it is located. So I would, if I could, calm the fears of any Senator who opposes the amendment because of any thought that it may result in the removal from his State or his own section of some vital industry. It has not done so up until now, and I do not believe it will do so, because there is room for the development of industries in the Tennessee Valley as a part of a chain of industries without in any way affecting those that already exist in other parts of the country. So much for that.

It was the original intention of the TVA, with which I have been associated legislatively ever since World War I, in the construction of the Wilson Dam at Muscle Shoals, that whenever the facilities and the resources of the Tennessee Valley should be developed it would invite within that valley the creation of industrial activity that would be continuous. Any plant that wants to establish itself in any community naturally desires continuity of power and of resources.

Attention has already been called to the fact that due to floods and low water and various other things in connection with the power the valley can develop, we have a peak and we have a depression or a valley; we have ups and downs. A plant contemplating its development in a live community will not develop itself, it will not establish itself, unless it has a reasonable prospect of year-round power or resources which will feed it. That is an elemental fact, and it has developed now in the Tennessee Valley so far as industries are concerned that there is a need for this plant and a need for what we might call ancillary power in that community, in order that there may not be any recess or hiatus in any given period of a year during which these plants may operate.

Something has been said with reference to the REA. I know that in the Tennessee Valley, within the radius in which power can be distributed, there has been a vast increase in the installation of rural electrical energy. There has been a vast increase in the availability for farm life of the power generated in the Tennessee Valley, whether hydroelectric energy or energy generated by steam in the operation of steam plants already in existence. It might be said, and no doubt will be by those who are adamant against this appropriation, that no additional power should be created for the benefit of the farmers in that region of the country; that so far as

those are concerned who are now receiving electric energy on their farms, all well and good, but that we are under no obligation to establish an additional plant or to create additional power in order that more farmers may partake of the benefits of the TVA.

I do not subscribe to that theory, because private power plants will not be established in the Tennessee Valley to any great extent for the reason that the Tennessee Valley Authority, by authorization of the Congress, bought all the private utilities within the radius of the Tennessee Valley's power to generate or to distribute, and therefore there is no longer any inducement for private enterprise to build plants, whether for REA or for industrial purposes.

Mr. HILL. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from Alabama.

Mr. HILL. In line with what the Senator from Tennessee has said, at the time Congress had before it the bill, which was passed in 1939, to provide for the purchase of private companies in the Tennessee Valley, Mr. Wendell Willkie, who, it will be recalled, was the head of the Commonwealth & Southern Co., which was a holding company of the power companies which the Tennessee Valley Authority bought, appeared before the House Committee on Military Affairs and made a statement. To me, in Mr. Willkie's words, there seems to be the gist of the whole picture presented to the committee. Mr. Willkie said:

I know not a man that is a man of any thought, whether he believes in the public operation of power or in the private operation of power, but who does not also believe that it should be noncompetitive. Something has been said here about monopolies. Now, I know not the distinction between public and private monopolies, but I do know, as any student of the utility business knows, that it is a natural monopoly and should be such, whether in public or in private hands, and the man who represents the public agency here sits and pleads for it to be a public monopoly, and in that he is right.

The Congress recognized the wisdom and the inevitability, I may say, of what Mr. Willkie had to say, and that is why Congress passed the act of 1939 to buy private power companies. Mr. Willkie said that the supplying of electrical energy should be a monopoly. It owns the source from which residential consumers, farmers, and all users get power.

Mr. BARKLEY. I thank the Senator for his observation. That being true, if there is any additional power created in that region, it must be created by TVA. It will not be done by private enterprise. He would be a foolhardy man who would compete against the TVA by establishing a plant for industrial distribution, for the REA, or to supply power for Government agencies which are essential in defense.

Mr. HILL. There was no compulsion on the plants to sell. The Government did not in any way contest their ownership. The sales were made in free and open negotiations between the TVA, representing the Government, on the one hand, and the private power companies on the other hand, the private power companies selling of their own accord.

Mr. BARKLEY. Yes. It came about not through coercion, but through negotiation. The Government was generous. I do not say it was too much so, but it was generous and fair with the Commonwealth & Southern Co., and has been generous and fair with other private utilities which have been taken over. The TVA has been beneficial to private utilities, within the region, because it has furnished power to them which they, in turn, distribute among the people. They benefit by receiving cheaper power than they could otherwise receive, and the people have been benefited by the transmission of that power through the agency at a lower rate.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. BARKLEY. In a moment.

There is no danger to any other community in the United States that industries will be drained away from them and located in the Tennessee Valley. That has not happened up to this time, and it will not happen. It will benefit these very communities by enabling them to produce raw materials which are needed by industries all over the United States.

Mr. HILL. Mr. President, will the Senator yield for a moment?

Mr. BARKLEY. I yield.

Mr. HILL. It is interesting to note that for every dollar the people of the Tennessee Valley are today expending for power, they are expending \$2 for electrical appliances, which are not manufactured in the Tennessee Valley; they come from Indiana, Michigan, Ohio, Illinois, New York—from all over the United States, from many of the States of the Union.

Mr. BARKLEY. That is true. In other words, every time a farmer in that section has electricity brought into his house he has power available to operate a washing machine or a refrigerator, a corn husker or a corn sheller, or other machinery, manufactured outside the Tennessee Valley and shipped there, thereby giving employment and profit to labor and capital in other sections of the country, of which they would be deprived if it were not for the power generated in the valley.

I now yield to the Senator from Washington.

Mr. MAGNUSON. I was going to say that the experience in the Pacific Northwest might be applicable to this subject. The private power people always opposed such projects as Grand Coulee and Bonneville. They are now buying power from those plants at a cheaper rate than they ever before paid. They are using their own distribution lines and making more money than they ever made before. In other words, they are tickled to death that Congress has had the foresight to build these great dams, with steam plants made adjuncts to them. There is a great power pool. That is what it will mean in the Tennessee Valley. It does not hurt them one iota. They are doing better than they have ever done. It means more rural electrification.

It is strange to me, I will say to the distinguished minority leader, that in the Congress of the United States we always have a fight to get appropriations for

power projects. Always the argument is, What are we going to do with the power? The country is always short of power; it never has enough. The more we generate, the more the people use. Appropriations for the generation of power are the only ones we make that pay back and, in some cases, make a profit.

Mr. BARKLEY. I thank the Senator.

I shall now conclude. I did not want to take much time and I wish to stand by my resolution. In the Tennessee Valley or in any other valley where power is generated we do not want the situation to become static. There may be a point beyond which the use of power cannot be absorbed, but we know that if there is any more power to be generated in the Tennessee Valley it will be done by the TVA. We want a generation of power that will be in operation all the year round, so that persons who invest their money in industry will not be caught in a situation in which they have to wait for months before there is a peak of power which will enable them to resume operations. I think that is a fundamental situation.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from Vermont.

Mr. FLANDERS. I have not been able to hear all the discussion on the floor. I have read a meager reference to the project in the report, and I find myself with some questions on my mind, one of which the Senator from Kentucky just touched upon. That is the question of the continuity of the power supply under the conditions of a variable water supply.

It is conceivable that one might equalize the supply of power either at a minimum or a maximum. At a minimum one would perhaps install at the dams only the amount of hydroelectric power apparatus as would be appropriate to the minimum summer flow of the river. That, of course, is ridiculous. The maximum provision for maintaining a year-round supply of power would be to install in the dams the amount of hydraulic machinery capable of taking care of the heaviest flood, which would in turn require the provision of a very large amount of stand-by steam plants. Somewhere in between those two extremes is obviously the proper thing to do.

There would be little difficulty for a private power company to decide where it should balance out its power between steam and hydraulic. It would turn over to its engineers the problem of the most profitable point at which the steam and hydraulic power should be balanced. That having been determined, the hydraulic plant would be built of that appropriate size, and a steam plant of appropriate size to balance it would be built.

It is difficult for me to imagine any basis on which a public power operation, particularly this one, which is tied up so tightly with flood control and navigation, would start in making its calculation.

The question I wish to ask, after this preamble, is, Is there any figure set by the TVA in asking for its appropriation as to the size of the steam plant which

is proposed? I find no reference to it in the very brief paragraph in the committee's report. In the extreme case, is there anything to prevent their going ahead with indefinite expansion plans for the steam plant? That is the first question.

Mr. BARKLEY. A minimum for that purpose, of course, would be fixed by the appropriations the Congress would make. The present appropriation for this particular plant is \$4,500,000, I believe. It is estimated it will cost four million. The Senator from Michigan has said that, including transmission lines and all customary installations, it would cost something like \$80,000,000 or \$84,000,000.

Mr. FLANDERS. I have heard the figure eighty-four or eighty-five million.

Mr. BARKLEY. I think that is a speculative figure. But it is estimated, I think by the TVA itself, that the construction of the plant will cost approximately \$54,000,000. Thereafter, of course, in regard to any other plant—if any other plant should be under contemplation, and I do not know that it is—it will be a matter for Congress to determine whether there should be expansion by the construction of another steam plant. But I do believe this plant is necessary in order to give a guaranty, not this year because it will take 4 or 5 years to construct the plant, but that there might be a guaranty of continuous service to those plants which are developing in the valley, and which may be developed in the valley, because I do not think we should fix such a low ceiling upon it that even a plant which is already there might not enlarge its capacity if it saw fit to do so in order to supply goods to other parts of the country, because obviously more goods turned out there are used in other parts of the country than in the Tennessee Valley itself.

It has been difficult to hear the Senator from Vermont because of the interference on the floor. I should like to hear what the Senator asked me.

Mr. FLANDERS. Just going back to the preamble of my first question—and I have another yet in reserve, if I may be allowed to continue to question the Senator—

Mr. BARKLEY. I yield to the Senator.

Mr. FLANDERS. In what I said before asking the question I intended to express my conviction that there is perhaps no definite point which the TVA is setting as the scientific point for balancing out its water power. It may come back for steam-power expansion every year, in which case the system becomes a steam-power system; or it may set the balancing point where it will be primarily a hydroelectric system. Had I been in position to catechise the TVA folk I would have wanted some expression of purpose or calculation on their part as to whether they were definitely moving into the steam-power area of generation, or whether the balancing out was to be done at a lower figure, which kept it primarily as a hydraulic system.

Mr. BARKLEY. If I might respond there, I am not a member of the committee, and I did not have an opportunity to interrogate the TVA authorities, but my knowledge of and familiarity with

the TVA convinces me that they are not seeking to develop the steam phases of their power to the point where steam will predominate over hydraulic. They are seeking to strike a general average which will enable them to say to those who are interested in electric power, whether industrial, agricultural, or municipal, that there will be an ample supply during any given year, regardless of the fluctuations of water fall, upon which they may depend. It is necessary that that be so, in order that the hydraulic features of the development shall be successful to the fullest extent.

Mr. McKELLAR. That is absolutely undisputed; there is no doubt about it.

Mr. BARKLEY. The Senator from Vermont wanted to ask me another question, I believe.

Mr. FLANDERS. I have another question to ask, if the Senator will permit me to continue.

Mr. BARKLEY. I yield.

Mr. FLANDERS. I have taken the position for many years past in private conversations, and on the occasion of my primary campaign for the nomination for the Senate, that I was not against Federal power as such, but that I was against subsidized power. In giving an example for myself or for anyone who questioned me as to what I meant by that, I would refer to the Hoover Dam as an example of Federal power which was not subsidized power. The Hoover Dam power generation pays for itself, pays the interest on its bonds, and is in the process, if I am correctly informed, of amortizing its cost. So that is a public power and water-supply outfit, a little mixture of both, but is a Federal project involving the generation of an immense amount of power, which I feel is in the public interest, and which I thoroughly approve. Now, it is a little difficult for me—and I say this with regret to the senior Senator from Kentucky—to justify the payments of taxes from the very meager aggregate incomes of my green but still stony State for the support of power generation in as fertile and as lovely and as prosperous a section of the country as is represented by the Tennessee Valley. I should like to know, and I do not know how to find out, whether our small aggregate incomes up in Vermont are helping to pay for this power in Tennessee. I heard no particular discussion on that point. There is no evidence, so far as the report is concerned, that the question was brought up as to whether these power plants would pay for themselves, would carry their load of local taxation, would pay appropriate interest on the bond issues, and would amortize themselves before the equipment wore out or became obsolete. That is one of the things, I will say to the Senator from Kentucky, that I should like to know.

Mr. BARKLEY. I appreciate the sincerity of the question of the Senator from Vermont and his attitude in respect to the project. I do not regard the appropriations which are made out of the Treasury for the TVA as subsidizing the TVA, or industry in the TVA, or the cities or the inhabitants of the TVA region, any more than appropriations for flood con-

trol in remote sections of the country are subsidies to those particular sections because the money raised to pay the expenses is raised by general taxation all over the United States.

It would be impossible—and I do not know whether it will ever be consummated—that all our river valleys should be developed for the use of the people. I myself believe in that theory. But if it should be possible, and if all the valleys and all the people in all the valleys wanted their valleys developed for purposes such as are included in the TVA Act, it would be utterly impossible to do that simultaneously, any more than it is possible to erect all flood-control projects that are needed in the United States at the same time. We have to begin somewhere.

Insofar as any particular expenditure is being made in one part of the country and not all over the country so that it is spread out everywhere, it could be said that people in another section are helping to pay for that expense. That is an inevitable result because of the impossibility of covering a vast country such as ours with simultaneous development in all parts of it.

On the subject of amortization I think I should say that the TVA is being amortized by the turning into the Treasury of annual amounts. I think I just heard the Senator from Tennessee a while ago say that at this very time over \$7,000,000 is being turned into the Treasury by the TVA, so that it is being amortized.

I do not think it is quite accurate or precise to say that because of this development in the Tennessee Valley, which is a larger development of its type than anywhere else in the country, it is being subsidized at the expense of any other section of the country. When the time comes, if it comes, when the Connecticut Valley or the Merrimack Valley, or the Delaware Valley, or the Missouri Valley, or any other valley shall be developed at public expense, of course people from all other sections of the country will be contributing to such enterprises. Whether that ever takes place is a matter for future speculation. I myself do not know.

Mr. FLANDERS. Mr. President, for the information of the Senator I might say that when certain preliminary negotiations were entered into with the people of my region with regard to a possible Connecticut Valley Authority or Connecticut-Merrimack Valley Authority, the general public sentiment rather put a damper on the enterprise. It looks to me as though the folks of the Connecticut Valley region are going to be perpetually in the condition of subsidizing other projects simply because they think subsidization is wrong or undesirable. That is one of the penalties of having a little conscience on a matter of this sort. You have to pay for your virtue, such as it is.

Mr. BARKLEY. I realized that, but I will say to the Senator that I recall that 2 years ago, when there was a disastrous flood in the Connecticut River, we voted for some flood protection on that river, not simply as a theoretical proposition, but in order to protect the people who

live in that valley—not only their homes, but their industries. When I voted for such assistance I did not think I was subsidizing the people of the Connecticut Valley. The people whom I represent in Kentucky did not think I was voting to subsidize the people of that valley, although it was an expenditure out of the Public Treasury for the benefit of some very great industries in that valley. I have in mind one in particular which was greatly benefited by the expenditure, or the proposal to expend money for its protection.

Mr. FLANDERS. I should like to ask the Senator whether that expenditure was before or after the Supreme Court decided that the Federal Government controlled the water clear up into the springhouse in the pasture above my house?

Mr. BARKLEY. I think the Senator's interpretation of the Supreme Court decision is a little exaggerated, but that expenditure was before the Supreme Court decision in regard to the Tidelands case, if that is what the Senator has in mind.

Mr. FLANDERS. I thank the Senator.

Mr. WHERRY. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield.

Mr. WHERRY. It is now nearly 6:20 o'clock. We have only started on the first amendment to the bill. We have not even gotten the first committee amendment adopted or rejected, whichever way the vote on it may go. We have another amendment or two which are very controversial. The bill is quite a long one. I wonder if we cannot facilitate matters. Of course, we do not in any way want to cut off anyone who desires to speak on the first committee amendment. We have not only the pending bill under consideration, but the naval appropriations bill is ready for action, and the bill providing the appropriations for the Economic Cooperative Administration has been reported. I understand there are two veto messages which will have to be acted upon. We certainly would like to get through with those matters and begin consideration of the farm bill quickly. I suggest to Senators that if we have a night session, opportunity will be afforded for full debate, but I beg of Senators to expedite action, and either accept or reject the amendments which are pending as quickly as possible.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. AIKEN. I should like to state that we are approaching the time when we can no longer delay action upon the farm program bill if we are to continue a farm program of any kind whatsoever. When that bill passes the Senate it will have to go to conference with the House. So at least 2 days would be required before it could be brought back to the respective Houses by the conferences. It is to me unthinkable that Congress should go home without continuing a farm program. It is true the House has passed a stopgap bill which has a good many deficiencies in it, but there is no opportunity to hold hearings upon

that bill, and I believe hearings should be held upon it if it is to be considered. The shortest cut is to take up our own bill, pass it, and go to conference with it. But if we delay much longer we cannot even do that.

So as far as I am concerned, the farm program bill is the pending business. It has been temporarily laid aside for the consideration of the Government corporations appropriation bill. I understand that the naval appropriation bill will probably not take more than a few minutes—considerably less than an hour. If we complete action on the Government corporations appropriation bill within a reasonable time I should be willing to have the naval appropriation bill taken up. I should like to make the initial presentation on the farm bill tonight so that action on it may be concluded tomorrow. I feel safe in saying that unless action on a farm program bill is concluded tomorrow there will be no continuation of a farm program after January 1, but we shall revert to the old 52 percent support level for a few basic commodities. Therefore I would object to taking up any further legislation after the naval appropriations bill is disposed of.

Mr. RUSSELL. Mr. President, may I address an inquiry to the Senator from Vermont?

The PRESIDING OFFICER. Does the Senator from Michigan yield for that purpose?

Mr. FERGUSON. I yield.

Mr. RUSSELL. I hope I did not correctly understand the Senator from Vermont to say that unless this bill were enacted we would have no farm legislation at this session. Did the Senator make such a statement?

Mr. AIKEN. I made the statement that it was my belief that there would be no continuation of a farm program, other than reversion to the 1938 level of support. I know that the Senator from Georgia wonders why.

I do not want to criticize the House bill; but we would almost have to have hearings on it, or at least meetings of our committee before we could adopt the proper amendments to that bill. For example, there is no provision in it for continuing support for any commodity of more than 90 percent, regardless of how badly it might be needed. It is written in such a way that it eliminates support for a full year for Maryland tobacco, while it gives support to other types of tobacco. It continues a 90 percent guarantee support price for eggs, which means that we would probably have to spend \$100,000,000 to purchase eggs which we do not need next year.

It continues 90 percent parity support for dairy products, which means absolutely nothing whatsoever unless the parity formula is revived.

Furthermore, the Commodity Credit Corporation goes out of existence on July 1. There has been no indication as yet when the House is going to act upon the Commodity Credit Corporation bill. There is every indication that if it does act on the bill which has been reported, it will be almost impossible for the conferees of the House and Senate to get

together, because the bills have such drastically varying provisions.

Therefore it seems to me now that the only way we can insure the future existence of the Commodity Credit Corporation, that agency of Government which makes purchases not only for the European recovery program, but for the occupied areas and for the armed services, besides supporting farm prices, is to enact a bill continuing it in existence. It may go out of existence on July 1 unless we can continue it for a year in the farm bill which is now before the Senate.

We have all those things to consider, and have very little time to consider them.

Mr. RUSSELL. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield.

Mr. RUSSELL. I realize that we are greatly pressed for time, but I deplore the attitude of the distinguished Senator from Vermont, who has always been such a stout fighter in this body for farmers. Surely if nothing else could be accomplished, a joint resolution could be enacted continuing any present laws which might be on the books, which would prevent an absolute collapse of the farm program.

I am not familiar with all the details of the House bill. Personally I was disposed to support a proposal which would continue the existing laws for a period of 12 months, to enable us to study more in detail a measure of such tremendous importance as that which the Senator from Vermont has reported from the Committee on Agriculture and Forestry. I trust that if the worse comes to the worst the Senator will not close the door to a joint resolution continuing any existing laws for a period of 12 or 18 months.

Mr. AIKEN. I assure the Senator from Georgia that the Senator from Vermont is not taking a defeatist attitude. I was simply making the statement that we did not intend to take defeat by letting one legislative measure after another come up, setting the farm program aside, so long as the farm bill is the pending business.

Mr. RUSSELL. I have no objection—

Mr. AIKEN. We must continue a good program. As I say, the stopgap legislation passed by the House cannot be accepted as is, under any circumstances, because I have just pointed out some of the things in it which would not work. Therefore I do not believe that we should be too long in considering the long-range farm program. I do not know how many Members wish to speak. I know that there are some amendments to be offered. Some will be quickly accepted by the committee, so that they should not take very long.

Mr. LUCAS. Mr. President, will the Senator from Michigan yield to me?

The PRESIDING OFFICER. Does the Senator from Michigan yield for a further inquiry?

Mr. FERGUSON. I yield.

Mr. LUCAS. I should like to ask the Senator from Vermont a question. I, too, am tremendously interested, as the Senator well knows, in the continuation

of a farm program at this session of Congress. I understand—and this may be incorrect; perhaps the Senator has better information—that the Committee on Agriculture of the House will not take this long-range farm program upon which the Senator from Vermont and other Senators have been working. I am wondering whether or not he has any information in that connection.

Mr. AIKEN. I have no information. We shall not, of course, know how closely we can get together with the House until we get into conference. I do know that while we may not get all we want on the part of the Senate in the form of a bill, there is a good chance of getting a better bill than the one which has already passed the House.

Mr. LUCAS. It is my understanding, upon very reliable authority, that two of the members of the Committee on Agriculture of the House have made the suggestion that, in view of the shortness of time and in view of the importance of this particular farm bill, the committee probably would have no opportunity really to study the bill, if it were passed, and to enable them intelligently to reach a decision between now and Saturday night. I thought perhaps the Senator had heard something in that connection.

Mr. AIKEN. I know that some Members of the House are in favor of a long-range bill at this time. We have worked on this bill for almost 9 months. I realize that, while the Committee on Agriculture and Forestry has spent this time on the bill, there are Members of the Senate who have not had the time to spend on it. I do not know whether they would ever have the time they ought to have to spend on it.

I am satisfied that the farm people generally are supporting this long-range farm bill. I know that the Department of Agriculture has withdrawn any objections it may previously have had. I know that last night in Los Angeles President Truman stated, according to the press, that he was fully in accord with it and hoped it might be passed at this session.

In view of all that support, I do not know why we should throw away the money spent in acquiring information and the months spent in preparation of the bill. I do not believe that the Senate will be so minded; and I do not believe that the House will, when it comes to the matter of accepting a good program.

Mr. LUCAS. Mr. President, will the Senator further yield?

Mr. FERGUSON. I yield.

Mr. LUCAS. To me this is a question of tremendous importance, in view of what the Senator says, and in view of what I understand to be the attitude of some members of the House Agriculture Committee. If we are to have a farm program at this session, it seems to me that members of the House Agriculture Committee and Members of the Senate will have to get together pretty fast. As the Senator well said a moment ago, there are certainly some objectionable features in the continuation of the present support program for another year, and certain amendments should be

added if we are to be compelled to adopt that means. We cannot do that in a moment, either, I will say to the Senator from Vermont and the Senator from Georgia. That is something that will have to be worked upon. If there is no possibility of getting through the House the sort of program provided by the Senate bill, something should be done between now and Saturday so that some kind of a program can be provided.

Mr. AIKEN. I think, if we can pass this bill through the Senate tomorrow, a workable program can be arrived at.

Mr. THYE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. KNOWLAND in the chair). Does the Senator from Michigan yield to the Senator from Minnesota?

Mr. FERGUSON. I yield.

Mr. THYE. I should like to add to and concur in what the Senator from Vermont [Mr. AIKEN] has said concerning the farm program. I also should like to reply to the question raised by the senior Senator from Illinois [Mr. LUCAS]. The members of the Committee on Agriculture and Forestry met at various times with Members of the House Committee on Agriculture on the different phases of the farm program—not only on the support price phase but also on other phases. I believe there is a meeting of the minds on many of those questions, insofar as the two Committees on Agriculture are concerned; and I am very hopeful, in fact, quite confident, that we can accomplish and obtain concurrence by the House committee on the farm program.

The PRESIDING OFFICER. The pending question is on agreeing to the first committee amendment.

Mr. FERGUSON. Mr. President, I ask that the first three amendments be considered en bloc, because they are so tied together, it seems to me, that a vote on one of them will determine the vote on all of them.

The PRESIDING OFFICER. Is there objection? Without objection, the three amendments will be considered en bloc.

The question is on agreeing to the first three committee amendments, which are being considered and will be voted upon en bloc.

Mr. McKELLAR. Mr. President, on this question I ask for the yeas and nays. But first I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Downey	Jenner
Baldwin	Dworshak	Johnson, Colo.
Ball	Eastland	Johnston, S. C.
Barkley	Ecton	Kem
Brewster	Ellender	Knowland
Bricker	Feazel	Langer
Bridges	Ferguson	Lodge
Brooks	Flanders	Lucas
Buck	Fulbright	McCarthy
Butler	Green	McClellan
Byrd	Gurney	McFarland
Cain	Hatch	McGrath
Capehart	Hawkes	McKellar
Capper	Hayden	McMahon
Chavez	Hickenlooper	Magnuson
Connally	Hill	Malone
Cooper	Hoey	Martin
Cordon	Holland	Maybank
Donnell	Ives	Millikin

Moore	Robertson, Wyo.	Thye
Morse	Russell	Tydings
Murray	Saltonstall	Umstead
O'Connor	Sparkman	Vandenberg
O'Daniel	Stennis	Watkins
O'Mahoney	Stewart	Wherry
Pepper	Taft	Williams
Revercomb	Taylor	Young
Robertson, Va.	Thomas, Okla.	

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, a quorum is present.

The question is on agreeing to the first three committee amendments, which, by unanimous consent, are considered and are to be voted on en bloc. On this question the yeas and nays have been requested.

The yeas and nays were ordered.

Mr. McMAHON. Mr. President, I do not intend to delay the Senate for more than a few moments. I do not intend to argue the philosophy of public power versus private power.

In my capacity as ranking minority member of the Committee on Atomic Energy, I have listened to certain testimony which indicated that there was a strong possibility that the facilities at Oak Ridge would find it necessary to ask the Tennessee Valley Authority for more power. Because of that information, on June 7, I addressed a letter to the Chairman of the Atomic Energy Commission. It is a short letter, and I shall read it to the Senate at this time:

DEAR MR. LILIENTHAL: The reactivation of certain facilities at Oak Ridge will, I am informed, necessitate a considerable increase in power requirements. I am further informed that the power now used, and the power to be required, at Oak Ridge is considered to be classified information.

This would seem to be nonsense on two grounds: First, because it wouldn't take much of a detective in the Tennessee Valley to figure out how much electricity is going to Oak Ridge; and, second, even if he did figure it out, what good would it do? If I am right in my conclusion as to the non-secrecy of this information, will you please advise me how much power you are using now and how much you intend to use. I am planning to write to the Tennessee Valley Authority to ask them if they can supply the necessary power with their present requirements.

Under date of June 10, I received an answer to my inquiry. The answer is signed by Sumner T. Pike, Acting Chairman of the Commission:

JUNE 10, 1948.

DEAR SENATOR McMAHON: We have your letter of June 7 regarding power requirements for Oak Ridge. While we have not publicized the figures on the quantity of power furnished Oak Ridge by the Tennessee Valley Authority, we agree with you that such information does not involve classified information. The present contract between the commission and TVA establishes an electrical power demand of 225,000 kilowatts. The present power load averages about 211,000 kilowatts. There are, however, certain particulars regarding our power requirements that do involve classified information, because these particulars, together with certain other facts, could possibly provide an index to the rate of production of fissionable materials at Oak Ridge. This information would include figures on the power generated by the Commission itself at Oak Ridge, details on type and quantity of power required by any individual facility within Oak Ridge, and records of total power consumption over an extended period of opera-

tion. If you wish, we shall be glad to send a representative of the commission to discuss these matters with you.

At present there is no definite program for reactivating any of the facilities at Oak Ridge which are in standby status. However, there is always the possibility that future developments—

I particularly call the attention of the Senate to this phrase:

or an emergency might necessitate the start-up of these facilities. The minimum additional power required for reactivating such facilities is estimated to be in excess of 50,000 kilowatts and the maximum might be several times this figure. None of this additional power requirement could be met from the commission's own installed power generating capacity at Oak Ridge.

Sincerely yours,

UNITED STATES ATOMIC ENERGY
COMMISSION,
SUMNER T. PIKE,
Acting Chairman.

On receipt of that letter informing me of the possible future requirements of the Atomic Energy Commission, I got in touch with the Tennessee Valley Authority. Under date of June 15, they wrote me as follows:

DEAR SENATOR McMAHON: Your office has advised us that the Atomic Energy Commission has informed you that its future operations may require 50,000 kilowatts of power in addition to the amounts which the TVA has now contracted to supply to the Commission's operations at Oak Ridge. You have asked whether the TVA will be able to meet this requirement from its present authorized system.

This additional amount of power has not been included in any of our estimates for future loads served by the TVA, and TVA would not be able to meet this additional requirement unless we are able to add generating capacity over and above the facilities already authorized and in process of installation on the system.

Mr. President, it is because I have been convinced by the testimony I have heard, and because it is the estimate of the Commission that in the event of an emergency, which we all know might develop tomorrow, next week, next month, or a year from now, it would become necessary to reactivate the now closed-down facilities at Oak Ridge, and additional power might be required in order to meet the requirements of the Joint Chiefs of Staff, that I feel there is nothing else for me to do except to vote for the \$4,000,000 steam plant. Purely as a matter of defense, without any regard whatever to the basic argument as to whether or not we should further expand TVA for power purposes, it would certainly seem to be self-evident, in view of the situation which I have described, that the defense requirements of the United States demand that we start the construction of this facility. It will be impossible for the Oak Ridge installation to open up certain other facilities that are now being considered for reopening, and to service them, unless we provide for additional power.

Mr. BALDWIN. Mr. President, will my distinguished colleague from Connecticut yield?

Mr. McMAHON. I yield.

Mr. BALDWIN. Do I correctly understand that this letter does not say that the Tennessee Valley Authority must

have the steam plant; it simply says it must have additional facilities?

Mr. McMAHON. The net effect of it, I may say to my colleague, is that there may well be additional requirements, which, I am told are 50,000 kilowatts. The TVA say they cannot furnish that amount of power with their present facilities.

Mr. BALDWIN. But they do not say they need a steam plant in order to furnish that additional amount of power, do they?

Mr. McMAHON. No, they do not.

Mr. BALDWIN. They merely say they need additional facilities. The point I wanted to make was that there were hydro-electric potentials still possible of development there which probably would take care of additional requirements.

Mr. FERGUSON. If I may answer—

Mr. McMAHON. Just a moment please. I will yield to the Senator from Michigan in a moment. I want to reply to my colleague. That may well be true. I do not pretend to be a hydro-electric engineer. I have made no study of the water table or the possibilities of further power to be derived from water plants. I am faced with a condition, not a theory. They say they are short of power and they suggest that this is the way the need should be met. I care not whether the power comes from steam or whether it comes from water, or whether they get a jet-propelled engine, but I know the additional power is needed, and this amendment is reported by the committee in order to provide it. I do not see how the Senate could take the responsibility of depriving the Atomic Energy plant at Oak Ridge of 50,000 kilowatts that it may well need within 6 months.

I yield to the Senator from Michigan.

Mr. FERGUSON. Mr. President, I merely desire to say in reply to what has been said by the junior Senator from Connecticut, that the word received here from the TVA office today indicates there are now under way developments which will produce 700,000 kilowatts of hydro power. So there will be plenty of hydro power to meet requirements. Another thing I should like to call to the attention of the Senator is that the letter is dated the 7th of June. The bill had not then been reported from the committee. It was reported last Saturday. The subcommittee voted on it on June 8th. As chairman of the subcommittee I have had no knowledge of this information from the TVA or from anyone else. Now, just at the moment of voting on the proposal, there is produced on the Senate floor this information. It seems queer to the chairman of the subcommittee that the information could not have been furnished either to the subcommittee or the full committee.

Mr. BALDWIN and Mr. McMAHON addressed the Chair.

The PRESIDING OFFICER. The senior Senator from Connecticut has yielded the floor. The Chair recognizes the junior Senator from Connecticut.

Mr. BALDWIN. Mr. President, I yield to my senior colleague.

Mr. McMAHON. I thank the Senator. I am informed the House Appropriations Committee took testimony in respect to

the Oak Ridge requirements. I have not read that testimony myself but I am informed there was testimony before the House Appropriations Subcommittee.

Mr. BALDWIN. Mr. President, I merely want to say, I thank the junior Senator from Michigan for the information he has given us. I know that my distinguished colleague is much concerned about atomic energy and its development and the power requirements for it, as am I. But it would seem to me from what the Senator from Michigan has said that there is in prospect adequate development in the reasonably foreseeable future to take care of additional requirements, which gives me reassurance in the matter.

Mr. DWORSHAK. Mr. President, as a member of the committee I have not participated in the debate, and I shall not delay consideration of the bill at this time, but I think it is very unfair to attempt to place a national-preparedness or national-defense label on the amendment which is currently before the Senate. Everyone knows that TVA has a procedure involving preference customers. I ask my colleague from Connecticut [Mr. McMAHON] if there would be any justification for denying Oak Ridge increased power for operation for national defense and to give all the power which is currently being subsidized to some of the large industrial users. Every Senator knows that under the operation of the TVA system there are preference customers. TVA could not deny to Oak Ridge, which is engaged in a federally operated defense project, or to any other plant which is essential to the national security, all the power which might be required for their operations.

Mr. President, as I said, I did not intend to participate in this debate, but I deeply deplore any effort made at this hour of the debate to embarrass or seek to embarrass any Member of this body who does not find it possible to go along and support this steam-plant project.

I have in my hand a letter, dated Spokane, Wash., May 28, 1948, written by the secretary of the Chamber of Commerce of Spokane. I should like to read it, because I think it will disprove some of the contentions made here that there is any shortage of power in TVA, or that there is an inadequate supply of power with which to operate any expanded operations of the Oak Ridge plant.

This letter was written to a Member of the House, and I shall read it so that the Senators may have the information. It reads as follows:

Here is a situation that has just developed which I believe you will find of some interest.

During the war the Government built a ferrosilicon plant—four furnaces—at Rock Island on the Columbia River, near Wenatchee, Wash. The War Assets Administration is now advertising that plant for sale, with the privileges of complete removal from this territory.

We are exceedingly anxious to retain that plant in the Northwest because we feel it balances out our economy, and is really an essential plant—not only for peacetime operations, but especially in case of an emergency such as national defense. The plant will require 25,000 kilowatts of power.

As you already know, we in the Northwest are starving for power, in spite of the fact that we have wonderful dams like Grand Coulee and Bonneville, and in spite of the fact that Grand Coulee Dam is now producing in round numbers, 200,000 kilowatts more power than it did at the wartime peak.

The Bonneville Administration maintains that it is unable to allocate any power to the Rock Island plant, and I am willing to accept their statement as a fact in view of our general power shortage.

For example: We need 2,000 kilowatts more for the Pend Oreille Mining & Metals Co., which has leased part of the magnesium plant in Spokane. We need 13,000 kilowatts more for the Chromium Mining & Smelting Co., which has leased the other part of the magnesium plant. We need 35,000 kilowatts additional firm power for our aluminum reduction plant operated by the Kaiser Co. These are all right here in Spokane. The Bonneville Administration is unable to supply any of these.

Consequently, I am willing to accept the Bonneville Power Administration's statement that they will be unable to allocate any power for the Rock Island ferrosilicon plant until 3 or 4 years from now.

However, we are informed by reliable sources that the prospective purchaser of the Rock Island ferrosilicon plant is assured of an immediate allocation of adequate power by the Tennessee Valley Authority, and consequently is considering moving the plant to that area.

Now, I come to the real point of this letter. If the Tennessee Valley Authority has such a surplus of power, and can promise such heavy loads as 25,000 kilowatts for immediate delivery to the Rock Island ferrosilicon plant, then how comes it—that the Tennessee Valley Authority comes to Congress pleading that they are so short of power that they want an appropriation to build a steam plant.

That is the real point I want to make, Congressman JENSEN. It doesn't add up to me, and I am just passing it on to you for whatever value it may have.

Sincerely yours,

J. A. FORD,
Managing Secretary.

Mr. DWORSHAK. Mr. President, I cannot understand how such overtures or promises are being currently made by TVA to any plants in the Northwest or in any other section of the country.

I reiterate at this time that it would be approaching treason for the TVA to deny an adequate supply of power generated in that area to Oak Ridge, if the Oak Ridge operations required such power for the national defense. I think it is entirely improper to interject such an approach or such an argument into this debate. I did not intend to say a word, but I feel it is incumbent upon me, as a member of the subcommittee, to attempt to refute some of the arguments which are being made here, obviously designed to change the minds of members of this body, because every Senator, all other loyal patriotic Americans, will insist that priorities be given to Oak Ridge and to every other national security operation of the Federal Government.

Mr. BARKLEY. Mr. President, I happen to be familiar with the situation referred to in the letter which was read by the Senator from Idaho, coming from the Chamber of Commerce at Spokane, Wash. It is not true that the TVA has guaranteed to that concern, or that it had any interest in, purchasing the plant at Rock Island. On the contrary,

the TVA has advised them that they cannot furnish power to them from the supply of power which is now available.

I hope the Senator will believe that I am in good faith, because I have been interested, as a Senator, in knowing whether the very situation to which the Senator has referred, through the letter, has been accurately stated. I find that it is now the plan of the concern, which is a Pittsburg outfit, by the way, a very large and reputable concern which was interested in the purchase of surplus property in Rock Island, Wash., to abandon that theory entirely, because power cannot be obtained. It has started on a new enterprise, if power becomes available, to build a plant that will supply the Pittsburg plant with the raw material which it needs.

I do not think the statement of the Secretary of the Chamber of Commerce in Spokane should be accepted as evidence against the known fact that the TVA not only has not guaranteed any such power, but has advised the concern that it cannot furnish it.

The PRESIDING OFFICER (Mr. KNOWLAND in the chair). The question is on agreeing to the three committee amendments en bloc.

Mr. McMAHON. Mr. President, it is with some hesitation that I rise to reply to the Senator from Idaho. I thought the floor of the Senate was a place in which Senators give their brother Senators information which they believe to be pertinent to the question under discussion. If I may accept the criterion of the junior Senator from Idaho, I suppose I have concealed information.

I call the Senator's attention to the fact that the letter which I received is dated June 15, today. I am not a member of the subcommittee on appropriations. I take it that the Senator from Idaho, in considering the appropriation, must have had in mind that the Oak Ridge installation was where it is. I think I might properly ask him why it did not occur to him that he might inquire of the interested authorities as to whether they had any information which bore on the problem in hand.

Mr. President, I resent the statements of the junior Senator from Idaho and his criticism that I have delayed bringing information to the attention of the Senate. I bring it in good faith. I do not even vouch for it personally. I told the Senate who had given it to me. I say, for myself, that it influenced my vote. The Senator from Idaho can vote as he pleases.

Mr. DWORSHAK. Mr. President, there certainly was no intention on my part of casting any reflections upon the Senator from Connecticut. I simply wanted to stress the point which apparently had been submerged throughout the debate, and that is that under the operation of TVA there are preference customers, public buyers, and REA. I ask my colleagues if the Oak Ridge plant does not qualify as a preference customer. If it does so qualify, it is difficult for me to conceive of any situation wherein the Oak Ridge plant would be denied any power which it currently needs, or any increased amount which

might legitimately and justifiably be denied to other users who have been operating defense plants.

Mr. President, that is the point I am making because I am assuming that those in charge of the TVA operation are loyal patriotic Americans and never could there be any question in my mind that the Oak Ridge plant could be denied all the power required for the operation of that plant in the interest of national security.

Mr. TAYLOR. Mr. President, I wish to speak for just a moment. I would not have taken the floor at all but I should like to express the hope that the judgment and foresight of the junior Senator from Idaho can be better relied upon in this instance than in the past. I have had a Columbia Valley Authority bill kicking around committees of the Senate for some years and nothing has been done about it. If action had been taken on that measure there would be no shortage of power in the Pacific Northwest at this moment. I am forced to agree with the junior Senator from Idaho that there is a serious power shortage there and that we are suffering the loss of plants and potential industrial developments which otherwise would come to our section of the country.

Furthermore, if the Columbia Valley development bill had been acted upon, there would not have been the disastrous floods which have wrought such havoc in our section of the Nation in the past few weeks. Indeed, the loss there has been so great that it would have gone a long way toward paying the initial cost at least of a Columbia Valley Authority project.

Therefore I hope that in opposing the provision for this steam plant to even up the power load in the Tennessee Valley the junior Senator from Idaho will be proven more correct if he votes against it than he has been in his opposition to the Columbia Valley Authority project, which opposition has been largely responsible for the inaction, the terrible loss from flood, and the serious power shortage which now confronts the Northwest.

I should hope, in view of that experience, that he would be for this appropriation, and also that he would join with me in sponsoring the Columbia Valley Authority bill.

The PRESIDING OFFICER. The question is on agreeing to the first three committee amendments, which are being considered en bloc.

Mr. BALDWIN. Mr. President, a parliamentary inquiry. A vote in the affirmative will be for the amendments, and a vote in the negative will be against them, will it not?

The PRESIDING OFFICER. A vote "yea" is a vote for the committee amendments, and a vote "nay" is a vote against the committee amendments.

The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. ROBERTSON of Virginia (when his name was called). On this vote I have a pair with the senior Senator from Georgia [Mr. GEORGE]. If he were pres-

ent he would vote "yea." If I were permitted to vote, I would vote "nay." I withhold my vote.

The roll call was concluded.

Mr. HILL. On this vote the senior Senator from Nevada [Mr. McCARRAN] is paired with the senior Senator from Maine [Mr. WHITE]. I am advised that if present and voting the senior Senator from Nevada would vote "yea," and the senior Senator from Maine would vote "nay."

Mr. WHERRY. I announce that the Senator from South Dakota [Mr. EUSHFIELD] is necessarily absent.

The Senator from Maine [Mr. WHITE] is necessarily absent and is paired with the Senator from Nevada [Mr. McCARRAN]. If present and voting, the Senator from Maine would vote "nay," and the Senator from Nevada would vote "yea."

The Senator from Kansas [Mr. REED], the Senator from New Jersey [Mr. SMITH], and the Senator from Iowa [Mr. WILSON] are detained on official business.

The Senator from New Hampshire [Mr. TOBEY] is necessarily absent due to being called to the hospital on account of an accident to a member of his family.

The Senator from Wisconsin [Mr. WILEY] is detained on official committee business.

Mr. LUCAS. I announce that the Senator from Georgia [Mr. GEORGE] is absent because of a death in his family.

The Senator from West Virginia [Mr. KILGORE] is necessarily absent on important public business.

The Senator from Nevada [Mr. McCARRAN] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Pennsylvania [Mr. MYERS] is absent on public business.

The Senator from Utah [Mr. THOMAS] is absent by leave of the Senate, having been appointed a national delegate by the President to the annual conference of the International Labor Organization meeting in San Francisco, Calif.

I announce further that the Senator from West Virginia [Mr. KILGORE], who would vote "nay" if present, is paired with the Senator from Utah [Mr. THOMAS], who would vote "yea" if present.

If present and voting the Senator from New York [Mr. WAGNER] would vote "yea."

The result was announced—yeas 45, nays 37, as follows:

YEAS—45

Aiken	Hayden	Maybank
Barkley	Hill	Morse
Chavez	Hoey	Murray
Connally	Holland	O'Connor
Cooper	Johnson, Colo.	O'Mahoney
Cordon	Johnston, S. C.	Pepper
Donnell	Knowland	Russell
Downey	Langer	Sparkman
Eastland	Lucas	Stennis
Ellender	McClellan	Stewart
Feazel	McFarland	Taylor
Flanders	McGrath	Thomas, Okla.
Fulbright	McKellar	Tydings
Green	McMahon	Wherry
Hatch	Magnuson	Young

NAYS—37

Baldwin	Butler	Ferguson
Ball	Byrd	Gurney
Brewster	Cain	Hawkes
Bricker	Capehart	Hickenlooper
Bridges	Capper	Ives
Brooks	Dworshak	Jenner
Buck	Eaton	Kem

Lodge	O'Daniel	Umstead
McCarthy	Revercomb	Vandenberg
Malone	Robertson, Wyo.	Watkins
Martin	Saltonstall	Williams
Millikin	Taft	
Moore	Thye	

NOT VOTING—14

Bushfield	Reed	Wagner
George	Robertson, Va.	White
Kilgore	Smith	Wiley
McCarran	Thomas, Utah	Wilson
Myers	Tobey	

So the first three committee amendments were agreed to en bloc.

Mr. HILL. Mr. President, I move that the vote by which the amendments were agreed to be reconsidered.

Mr. RUSSELL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. WHERRY. Mr. President, I wish to announce to the Senate that when action shall have been had on the pending bill, it is proposed to take up for consideration the naval appropriation bill. After that a statement will be made by the distinguished Senator from Vermont [Mr. AIKEN] respecting the farm bill, at the conclusion of which we would like to take up for consideration the bill making appropriations for the European recovery program. If we all cooperate I believe we can tonight complete the program I have just outlined. Thus we will be able to send the appropriation bills to conference quickly.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. RUSSELL. Did I correctly understand the Senator to say that the Senate would proceed with the farm bill before acting on the ERP bill?

Mr. WHERRY. The Senator from Vermont [Mr. AIKEN] desires to make a presentation of the farm bill, so it will be in the RECORD for Senators to read in the morning. I think the Senator from Vermont will be reasonable in respect to the amount of time he will take to make his presentation.

The Senator from New Hampshire [Mr. BRIDGES] has informed me that he is ready to take up the bill making appropriations for ERP at the conclusion of the presentation by the Senator from Vermont.

It may be necessary to run a little late tonight, but I hope Senators will bear with us and cooperate with us, because it is very necessary that we get the appropriation bills passed and in the hands of the conferees quickly.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The next amendment was, under the heading "Title II—Independent agencies and corporations," on page 8, line 13, after the word "That", to strike out "immediately upon the enactment of this act" and insert "prior to July 31, 1948", and in line 17, after the figures "\$10,000,000," to insert "if not otherwise required to be turned into the Treasury under the provisions of the proposed Federal charter."

The amendment was agreed to.

The next amendment was, on page 8, after line 19, to strike out:

Tennessee Valley Associated Cooperatives, Incorporated: Of the funds available to the

Corporation, not to exceed \$500 shall be available for administrative expenses related to liquidation and dissolution, and not to exceed \$500 for the cost of audit, as required by the Government Corporation Control Act of December 6, 1945 (Public Law 248): *Provided*, That all administrative duties and responsibilities shall be assumed by such officers and employees of the Treasury Department as the Secretary of the Treasury may designate, and who shall receive no additional compensation for such duties: *Provided further*, That the Secretary of the Treasury shall take appropriate steps to secure the final dissolution and liquidation of said Corporation at the earliest practicable date: *Provided further*, That the total cost of liquidation and dissolution shall be paid out of funds available to the Corporation without additional appropriations therefor: *Provided further*, That the Board of Directors of the Corporation is authorized to transfer to the Secretary of the Treasury title to assets (other than real property) of the Corporation upon certification of the president of the Corporation that such transfer is to the interest of the Government of the United States and the Secretary of the Treasury is authorized to dispose of such assets at such times and in such manner as he may determine.

The amendment was agreed to.

The next amendment was, on page 11, line 14, after the word "with", to strike out "its" and insert, "generally recognized."

The amendment was agreed to.

The next amendment was, under the subhead "Housing and Home Finance Agency," on page 15, line 20, after the word "exceed", to strike out "\$2,250,000" and insert "\$2,500,000"; on page 16, line 21, after the word "cancel", to strike out "the capital stock" and insert "bonds"; in line 22, after the word "in", to strike out "par value" and insert "an"; and in line 24, after the word "transferred", to insert "plus accrued dividends thereon."

The amendment was agreed to.

The next amendment was, on page 16, line 25, after the amendment just above stated, to insert a colon and the following additional proviso:

Provided further, That not to exceed \$5,000 of the funds of said Corporation shall be available until June 30, 1952, for the payment of such expenses as the Chairman of the Home Loan Bank Board or his designee or designees may find necessary for winding up the affairs and effecting the dissolution of the United States Housing Corporation and the United States Housing Corporation of Pennsylvania.

The amendment was agreed to.

The next amendment was, on page 18, line 22, after the word "exceed", to strike out "\$9,000,000" and insert "\$10,000,000."

The amendment was agreed to.

The next amendment was, on page 20, line 8, after the words "to the", to strike out "Secretary of the Treasury for cancellation" and insert "Reconstruction Finance Corporation"; and in line 14, after the word "transferred", to strike out "within 30 days after the date of enactment hereof" and insert "as of June 30, 1948."

The amendment was agreed to.

The next amendment was, on page 21, after line 2, to insert:

Not to exceed \$3,000 of the funds available to the Housing and Home Finance Agency for expenses of travel shall be available, when specifically authorized by the Administra-

tor or head of the constituent agency concerned, for expenses of attendance at meetings of organizations concerned with the function or activity for which the appropriation or authorization is made.

The amendment was agreed to.

The next amendment was, under the subhead "Department of Agriculture," on page 23, line 6, after the word "exceed", to strike out "\$373,600" and insert "\$223,600."

Mr. THYE. Mr. President, I should like to make inquiry of the junior Senator from Michigan as to why the Senate committee could not concur in the sum stipulated in line 6, on page 23. I note that the appropriation was cut by \$150,000.

Mr. FERGUSON. Mr. President, the committee denied a request to increase the administrative-expense limitation in the budget estimate of \$1,755,300, but has decreased the amount which may be paid to the Farm Credit Administration for supervisory or other services from \$373,600 to \$223,600, a reduction of \$150,000. The attempt is to have the agencies in the field given a greater proportion of the money. The \$150,000 is taken from the organization in Washington. That will reduce the amount of the Washington appropriation, but give more in proportion to the field. I should like to take this question to conference and have it adjusted at that time.

Mr. THYE. I should like to say to the junior Senator from Michigan that this reduction, so far as it pertains to the home or central office, would have quite a crippling effect upon that office. I beg of the Senator to give due consideration to the question and make a complete study, so as not to cripple the function of the bank.

Mr. FERGUSON. The Senator from Minnesota can rest assured that the subject will be given attention in the conference.

Mr. JOHNSTON of South Carolina. Mr. President, I fear that this cut is too severe. If it goes into effect, it will cripple the work of the Department.

Mr. FERGUSON. Mr. President, as I stated, it is a question which in my opinion should be taken to conference. We have changed the figure from \$373,600 to \$223,600, so the difference can be adjusted in conference. I shall certainly keep in mind what the Senator says. I have talked with a number of persons and I hope the difficulty can be adjusted.

Mr. JOHNSTON of South Carolina. Mr. President, I have had prepared a statement on the subject. To save time, I ask that it be printed in the RECORD at this point as part of my remarks, so that it will be available for the information of the conferees.

Mr. FERGUSON. I appreciate the information.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Page 23, line 6, delete \$223,600 and substitute \$373,600, the amount approved by the House.

This would make \$293,600 available for administrative expenses for supervisory or other services rendered by the Farm Credit Administration both in Washington and the districts, and \$80,000 would be available for liquidation of obligations incurred in the fiscal year 1948.

Under the committee print only \$143,600 would be available for payment to the Farm Credit Administration for supervisory or other services rendered in Washington and in the field. This would not be sufficient to enable the Farm Credit Administration to carry out its responsibilities during the next fiscal year. It is estimated that the examination of the 12 Federal intermediate credit banks in 1949 will cost \$48,000 and that the cost to Federal intermediate credit banks of the services of the registrars will be in excess of \$85,000. While these two costs are charged to the central office because these services are required to be performed by public officials, they are activities that are carried on in the field. The examination costs average only about \$4,000 per Federal intermediate credit bank, and it should be kept in mind that the 12 banks will average lending approximately \$100,000,000 each in 1949. The cost of services of the registrars will average slightly in excess of \$7,000 per bank, which is a conservative figure in view of the service performed and the responsibilities. The registrars are public officials employed by the Farm Credit Administration of Washington, D. C. They perform a very important and necessary function for the Federal intermediate credit banks. They are custodians for all the collateral which is used in support of the debentures sold to the public. They must at all times have sufficient collateral in their possession to fully secure all outstanding debentures of the Federal intermediate credit banks. It is gratifying to note that in the years of operation of the Federal intermediate credit banks there has been no misappropriation of collateral held by the registrars in any of the districts. The buyers of debentures have bought with the knowledge that proper procedures are being followed to protect the collateral behind these debentures.

Under the committee print, after paying the cost of registrars in the 12 districts and the cost of examination of the 12 Federal intermediate credit banks, which would total in excess of \$133,000, there would remain only \$10,200 available for payment to the Farm Credit Administration for the remaining supervisory and other services rendered. These supervisory functions and services include an Intermediate Credit Bank Commissioner, a position established by law and his office which it is estimated will cost \$46,500 in 1949, include the service performed by the Finance and Accounts Division in connection with the handling of securities, supervision of the registrars, assembling and tabulating reports, development of budgets and certain supervisory accounting work which is necessary in connection with the operations of institutions of this type, also the Federal intermediate credit banks' portion of the cost of the Office of the Governor of Farm Credit Administration, cost of maintaining files and other services performed by the service divisions of the Farm Credit Administration.

Mr. MORSE. Mr. President, I wish to say to the Senator from Michigan, in line with the question raised by the Senator from South Carolina and the Senator from Minnesota, that I have received a good many communications from production credit corporations in my State. They are very much disturbed about the budget cuts in the bill affecting their work.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a letter which I have received from one of the production credit corporations in my State, setting forth its point of view on the questions

which the Senator from Michigan says he is going to take to conference, in the sincere hope that in conference he will be able to meet some of the objections raised in this letter.

Mr. FERGUSON. I appreciate that information from the Senator from Oregon.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WILLAMETTE PRODUCTION

CREDIT ASSOCIATION,

Salem, Oreg., May 24, 1948.

HON. WAYNE MORSE,

United States Senator,

Senate Building, Washington, D. C.

DEAR SENATOR MORSE: I have before me a copy of H. R. 6481, a bill making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949.

I have studied this bill very carefully. Because of my affiliation with and knowledge of the Production Credit System, I cannot help but feel that the House committee under Mr. PLOESER on appropriations has failed to study the situation and has reached conclusions that are not founded on factual information.

As you know, the production credit system, including the central office in Washington and the 12 production credit corporations, have been doing an exceptionally fine job in serving agriculture and operating most economically. The system requested and the Budget Bureau approved a budget for the 12 corporations and the central office amounting to \$1,602,600. The subcommittee on appropriations cut this amount to \$1,350,000, a total cut of \$252,600. Also, the committee recommended that prior to June 30, 1949, the corporations shall return Government capital aggregating not less than \$60,000,000 to the Treasury of the United States to be carried to the surplus fund and covered into the Treasury. The Governor of the Farm Credit Administration was authorized and directed to cancel such stock.

This appears to me a most dangerous piece of legislation especially in view of the fact that all of us are concerned not only about the present inflationary period in which our business is being conducted, but more especially are concerned about what may be in store for us in the future.

For your information, the system originally had \$120,000,000 of Government capital. As the production credit associations became established and developed earnings of their own, they started returning capital to the United States Treasury's revolving fund. To date approximately \$39,000,000 has been returned.

From the progress of my own association and neighboring associations, together with my knowledge of the system, another large amount will be returned at the end of 1948, perhaps from another \$12,000,000 to \$15,000,000. After 15 years of operation this would appear that the System is making real progress in retiring the Government capital.

We in Production Credit have always been told that the funds to be retired from the System would be placed into the revolving fund to be used for capital purposes in case of any real emergency which may arise either on a national or district-wide basis. The return of these funds to the revolving fund will not affect our present program of continuing to retire the Government's capital which I can say from many contacts with other production credit association secretaries, all of us are striving to achieve as soon as possible.

As for my own association and other associations in the district, we are all in favor of

farmer ownership and are vigorously proceeding in that direction. It seems a shame that the House would pass H. R. 6481 without amendment and without study and debate in view of the record.

I have before me a CONGRESSIONAL RECORD and I quote from page 5662, May 10, 1948, an excerpt from the statement of Mr. PLOESER:

"The production credit corporations requested \$1,602,000; we gave them \$1,350,000.

"I could go on at great length on this subject, but I do not care to take that much time of the Committee, but their operation is almost purely paternalistic. The day has arrived when they are not making any extensive investments in production credit associations, but more in the social field than in the actual lending field or the extension of capital.

"We found that they had about \$65,000,000 invested in Government bonds in which they were obviously speculating. They were speculating to their heart's content in the Government bond market throughout the year and they were having a good time at it. We see no excuse whatsoever for any agency of the Government using surplus funds just to satisfy their own vanity as investment speculators, and we have written into this bill a provision taking \$60,000,000 of their funds and putting it in the Treasury in the fiscal year 1949."

This in itself would indicate that Mr. PLOESER is receiving his advice presumably from the American Bankers Association, our competitors. Certainly he hasn't taken the time to review the record or he would not be careless enough to state that the corporations have been speculating throughout the year. A survey of the activities of the 12 production credit corporations would indicate that the only bond investments made during the year were for production credit associations sending in surplus earnings to be invested in bonds for the purpose of augmenting their capital structure. I can imagine the only other sale was when the system returned approximately \$8,000,000 in cash to the revolving fund of the United States Treasury. To return this cash it was necessary to sell bonds. It would be ridiculous for the corporations, the Government, or any other business institution to sell bonds on the open market and not accept the premium that was being paid.

I am not aware of any activities of the corporations in the social field. My guess is that Mr. PLOESER is thinking of the Farmers' Home Administration. My acquaintance and confidence in you prompts me to be helpful in bringing you down to date on these facts so that when the Senate acts on the budget of the production credit corporations, you will have some knowledge of what has transpired and what is needed.

There never has been a time in the history of the system when the supervision rendered to the production credit associations by the production credit corporations has been of such great importance. More and more farmers are turning to production credit as can be seen by the enclosed statistics. With business more than doubling in the past 2 years, it hardly seems provident to curtail the system of checks and balances which has enabled us to build our cooperatives on a sound framework over the past 14 years. We have experienced a recession in the fruit industry—the fur farmers are having a desperate time. The net returned to growers from many of the agricultural commodities that we finance has been narrowed because of rising costs; therefore, we need the wise counsel and judgment of the experienced people in the corporation to assist us in maintaining a proper balance in the extension of credit to farmers in our area. We are adhering to conservative policies. In

doing so we are doing our best to contribute our share to heading off further inflation. Also we have the sincere desire to see that the farmers and stockmen using the facilities of our association keep themselves in liquid condition. Great harm could be done to the average farmer through over-extension of credit. We work with him, counsel with him, and have on our board of directors experienced and qualified farmers who approve the loans and manage the affairs of our organization. The same is true of the five-hundred-odd other associations in the United States.

May I plead with you and urge that you give us your support in maintaining an economical set-up that is not asking Congress for an appropriation but asking Congress for an approved budget?

The production credit corporations receive their earnings from the income on bond investments and dividends paid by production credit associations. All surplus earnings by these corporations belong to the United States Government and are not being wasted. If you care to confer with members of the subcommittee, you may be helpful. The Subcommittee on Appropriations for Government corporations is chaired by Mr. FERGUSON.

Anything you can do in aiding us in the restoration of this drastic cut will be appreciated by the thousands of member stockholders of production credit associations in Oregon.

Please accept my best regards.

Very truly yours,

PHILIP M. BRANDT, Jr.,
Secretary-Treasurer.

P. S.—I understand hearings on this bill are to come up this week. P. M. B.

Willamette Production Credit Association—
Comparative statistics, April 30

	1946	1947	1948
Loans outstanding:			
Number.....	198	315	441
Amount.....	\$538,000	\$882,000	\$1,199,000
Production credit association stock:			
A stockholders (nonborrowing):			
Number.....	186	184	201
Amount.....	\$12,020	\$11,885	\$11,970
B stockholders (active borrowers):			
Number.....	464	497	607
Amount.....	\$114,200	\$116,145	\$134,060
Accumulated reserves.....	\$88,020	\$103,640	\$116,750
Net earnings, year to date.....	\$1,188	\$4,280	\$3,296
Average size of loan.....	\$2,717	\$2,800	\$2,720
Number loans made year to date.....	133	181	255
Applications approved, Jan. 1 to Apr. 23.....			243
Applications rejected, Jan. 1 to Apr. 23.....			112
Applications approved above, repeat and renewal loans.....			139
Applications approved above, new members.....			104

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 23, line 6.

The amendment was agreed to.

The next amendment was, on page 23, line 12, after the word "exceed", to strike out "\$1,350,000" and insert "\$1,500,000"; and on page 24, line 3, after the word "than", to strike out "\$60,000,000" and insert "\$20,000,000."

The amendment was agreed to.

The next amendment was on page 24, line 10, after the word "exceed", to strike out "\$46,800" and insert "\$146,800"; in line 24, after the word "exceed", to strike out "\$12,500" and insert "\$21,000"; and on page 25, line 11, after the figures

"\$25,000,000", to insert a colon and the following additional proviso:

Provided further, That, notwithstanding any provisions of law to the contrary, in addition to the foregoing the Corporation is authorized to utilize, from the revolving fund created by section 84 of the Farm Credit Act of 1933 (12 U. S. C. 1148a), such sums as may be necessary (a) to make loans, during a period of 5 years, to bona fide fur farmers in accordance with the provisions of section 201 (e) of the Emergency Relief and Construction Act of 1932, as amended (12 U. S. C. 1148), the aggregate principal amount of which loans shall not exceed \$4,000,000 outstanding at any one time, and (b) not to exceed \$50,000 for administrative expenses of the Corporation and the Farm Credit Administration in connection with such loans.

The amendment was agreed to.

The next amendment was, under the subhead "Department of Commerce," on page 26, line 19, after the word "area", to strike out the colon and the following additional proviso:

Provided further, That the Corporation is authorized to pay not to exceed \$3,918.48 for services actually rendered by 18 of its former employees during the fiscal year 1947 and for which there is no present authority to pay.

The amendment was agreed to.

The next amendment was, at the top of page 27, to insert:

DEPARTMENT OF THE INTERIOR
VIRGIN ISLANDS COMPANY

There is hereby appropriated, out of any funds in the Treasury not otherwise appropriated, the sum of \$500,000 to the Secretary of the Treasury, to be made available by him, as a loan, to The Virgin Islands Company, upon request of the President of the Company, for the purpose of enabling the Company to continue its present operation until June 30, 1949. The loan shall bear interest at a rate to be determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of the loan to the Company.

The amendment was agreed to.

The next amendment was, under the subhead "Department of Justice," on page 28, line 8, after the word "interest", to insert a colon and the following proviso:

Provided, That funds of the Corporation shall be available, in amounts not to exceed \$338,000 during the fiscal year 1948 and \$380,000 during the fiscal year 1949, for expenses of vocational training of prisoners as authorized by the act of May 11, 1948 (Public Law 521), such expenses to be computed and determined on the same basis and with the same exclusions (except vocational training expenses) as provided herein with respect to administrative expenses.

The amendment was agreed to.

The next amendment was, under the heading "Title III—General provisions," on page 31, after line 2, to strike out:

SEC. 305. After the date of enactment hereof the salaries of the Governor of the Farm Credit Administration and the Housing and Home Finance Administrator shall be at the rate of \$12,000 per annum.

The amendment was agreed to.

The next amendment was, on page 31, line 7, to change the section number from "306" to "305"; in line 16, after the word "violence", to strike out the comma and

"or who is a member of any labor organization the officers of which have not complied with the requirements of subsection (h) of section 9 of the National Labor Relations Act, as amended by the Labor Management Relations Act, 1947"; on page 32, line 7, after the word "violence," to strike out the comma and "or that such person is not a member of any labor organization the officers of which have not complied with the requirements of subsection (h) of section 9 of the National Labor Relations Act, as amended by the Labor Management Relations Act, 1947"; and in line 18, after the word "violence", to strike out the comma and "or who is a member of any labor organization the officers of which have not complied with the requirements of subsection (h) of section 9 of the National Labor Relations Act, as amended by the Labor Management Relations Act, 1947."

The amendment was agreed to.

The next amendment was, on page 35, line 5, to change the section number from "307" to "306."

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. FERGUSON. Mr. President, there are no further committee amendments.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. LUCAS. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Illinois will be stated.

The LEGISLATIVE CLERK. On page 3, line 7, it is proposed to strike out "\$4,840,000" and insert "\$6,200,000"; and on page 3 it is proposed to strike out the proviso beginning in line 20 and ending in line 1, on page 4, reading as follows: "*Provided further*, That no part of this appropriation shall be used to pay any public-housing agency any contribution occasioned by payments in lieu of taxes in excess of the amount specified in the original contract between such agency and the Public Housing Administration or its predecessor agencies."

Mr. LUCAS. Mr. President, I apologize to the Appropriations Committee for my failure to present this amendment directly to the committee. As we all know, Senators are extremely busy, and I have had no opportunity to get the facts and figures together and present them formally before the committee, but I do so now before the Senate.

Let me say to the Senate that this amendment seeks to effect a change which will give a more equitable distribution on the question of payment of taxes by the public-housing authorities over the country. All told, there are 273 of such projects in operation throughout the United States.

This amendment is designed to restore equitable treatment to the municipalities which are now subject to what I contend, under the language of the bill, is a gross discrimination as the result of this proviso. By the way, the proviso was inserted in the bill for the first time last year. Previous to that time there was no such proviso.

The proviso is directed toward the relationship between the Federal Government and the local housing agencies which own and operate low-rent housing projects throughout the United States.

There are now some 273 of these projects in operation throughout the United States. The issue involved in this proviso is the amount of local taxes which these projects shall pay to the cities and counties in which they are located.

When the projects were first set up, beginning in 1938, it was recognized that the successful operation of low-rent housing projects depended upon the amount of taxes which the project would have to bear. Under the arrangement between the State governments and the Federal Government local housing authorities are exempt by law from the payment of local taxes. The payment which they make to the cities and counties is in a sense a payment of an amount "in lieu of taxes." This is an amount specified in the contract between the housing authority and the local government. The amount to be paid must be approved by the Federal Public Housing Authority.

In the beginning stages of the program no one was sure exactly what amount should be paid in lieu of taxes. As a consequence, the original contracts contained different provisions with respect to taxes.

That is the point I wish to make and bear down on in connection with this amendment.

In Illinois, for example, the local housing authorities' contracts in Granite City, Quincy, Champaign County, Madison County, Rock Island County, and Alexander County call for a payment in lieu of taxes of 2 percent of the amount of shelter rent paid by the tenants; that is to say, 2 percent of the rent minus any payments on account of utility services. In Decatur, Ill., the original contract specified a payment of 2¾ percent. In the city of Rock Island, St. Clair County, and Winnebago County, the original contracts called for a payment of 3 percent of the net shelter rent. In the cities of Chicago and Peoria, the original contracts called for a 5-percent payment. In the city of Danville, the contract called for a flat payment of only \$100 a year; and in Henry County, the contract called for a payment of \$165 a year.

The variation in the amounts to be paid was brought about because of the uncertainty as to the amount which could be paid. The important point was to keep those low-rent housing projects operating on the least expensive basis, so that the rents could remain low and serve the beneficial purposes of the acts of Congress, which were designed to give the lowest-income groups in the population adequate housing.

As time went on, it became clear that these public-housing authorities were not paying adequately for the services which were being supplied to them by the local government, such as education, fire and police protection, sanitation, and so forth. Although the United States Housing Act of 1937 requires that the local governments must contribute toward the operation of the low-rent projects at least 20 percent of the amount

contributed by the Federal Government, it was very clear that in most cases the cost of the services rendered was several times the amount of local contribution. Moreover, the system for payments in lieu of taxes was inequitable as between cities. The cities which had participated first in the program had agreed to accept very small amounts in lieu of taxes, as contrasted with the cities which came in later. As a result of this situation, the Federal Public Housing Authority conducted an extensive study of the whole question of payments in lieu of taxes. Conferences were held with many public bodies, including the National Association of Housing Officials, the Municipal Finance Officers Association, the National Association of Assessing Officers, and the United States Conference of Mayors. As a result of those conferences, it was agreed that the local housing authorities could pay more than the amounts provided for in the original contract. So at this point practically every housing authority is now paying 10 percent of the net shelter rent.

By this move, each city or county in which a local housing authority existed was receiving the same proportion of the rent as a payment in lieu of taxes. The proviso in this bill and in last year's bill requires that no payment in lieu of taxes can be made in excess of the amount specified in the original contract. This pushes everything back to the situation which prevailed at the beginning of the program, and perpetuates the inequities contained in the original contracts under which some cities paid nothing and other cities paid various amounts ranging from 2 percent to 5 percent.

Of the 273 projects now in operation, in the case of 153 of them there is no provision at all in the original contracts for payments in lieu of taxes. Others provide specific dollar- and -cents amounts. Most of them provide for 3 percent.

Thus, in addition to reducing drastically the amounts which the cities and counties are to receive in lieu of taxes, the proviso perpetuates the inequities as between the various cities and counties. The cities have been relying year by year upon the payment of the 10-percent contribution to support the local government. But, Mr. President, under this provision of the bill, which was written in last year, they cannot obtain that 10 percent from the Housing Authority, because the contract is different. Yet that is what the Congress last year said should be done.

Congress has known for 3 years about this arrangement whereby increased amounts were paid to the local governments, and Congress did not see fit to change it until last year. What is proposed now is to continue the provisions of last year's bill.

If the proviso is continued, the amount which will be saved by the Government in making annual contributions is in the neighborhood of \$1,300,000. For the sake of saving that amount of money, the Appropriations Committee is apparently prepared to continue the inequitable system of payments among the various local

housing authorities and to deprive the local governments of the revenue which they desperately need. It is a matter of common knowledge that almost every city and county in the country is seeking new sources of revenue in order to meet the mounting costs of local government for education, fire and police protection, and so forth. It is another instance of an economy-minded Congress throwing discretion overboard for the sake of saving a pitifully small amount. That is not very much money nowadays, in terms of Federal Government expenditures, but it is a tremendous amount of money for the municipalities that are taxed to the limit at the present time for health and sanitation services and police and fire protection, and the other essential services and utilities that are necessary for the proper running of a city. As everyone knows, practically every city in the United States is bonded up to the limit, and it is difficult for the cities to do the things that should be done. For instance, the city of Chicago alone, because of the tremendous housing projects there, would benefit to the amount of \$250,000 under the provisions of this amendment.

These low-rent housing projects constitute one of the worth-while contributions of the Federal Government to the health and welfare of the low-income groups of our people. Their continued operation is essential. We must not make any move in this Congress which would impair their efficient operation. I urge the Senate to strike this proviso from the bill.

In order to provide funds with which to raise the payment to local governments up to the 10-percent rate which prevailed for 3 years prior to last year, the appropriation to the Public Housing Administration is increased by my amendment from \$4,840,000 to \$6,200,000.

Mr. FERGUSON. Mr. President, I think this matter can be explained better by reading from the House committee hearings, rather than in any other way, because in those hearings the matter is boiled down and the facts are presented. I read now from page 791 of the House committee hearings:

PROVISIONS OF ORIGINAL CONTRACTS

In determining its policy in respect to local contributions and payments in lieu of taxes, the PHA has taken into consideration not only that local contributions must be received in an amount equal to the required 20 percent, but also that the local contributions together with the Federal contributions must be sufficient to achieve rents within the means of low-income families.

Even in the earliest days of the program, when the first low-rent housing projects were being planned, it was apparent that local contributions larger than the 20-percent minimum would have to be obtained if low rents were to be achieved. It was, therefore, the original policy of the PHA to encourage localities to grant complete tax exemption for their low-rent housing projects. It was only when a locality insisted upon receiving some payments in lieu of taxes that the PHA authorized the making of contracts providing for such payments.

As a result of this original policy of case-by-case negotiations with the localities, the original contracts present a wide diversity of provisions as to payments in lieu of taxes. More than half of the original contracts con-

tain no provision whatsoever for such payments, and only 7 percent of the contracts provided for payments equal to as much as 5 percent of shelter rent. The following table summarizes the provisions of the original contracts for the low-rent projects established under the original act (Public Law 412, 75th Cong.) and for the projects developed under the defense amendment (Public Law 671, 76th Cong.) after their conversion to low-rent use.

Provisions of original contracts in respect to payments in lieu of taxes on locally owned low-rent projects under the United States Housing Act

	Public Law 412 projects		Public Law 671 projects		Total, all projects	
	No.	Pct.	No.	Pct.	No.	Pct.
No payments in lieu of taxes	99	60.4	54	49.5	153	56.0
2 to 2 3/4 percent of shelter rent	8	4.9	12	11.0	20	7.4
3 percent of shelter rent	26	15.9	28	25.7	54	19.7
4 3/4 percent of shelter rent	3	1.8	1	.9	4	1.5
5 percent of shelter rent	14	8.5	6	5.5	20	7.3
Fixed amount	13	7.9	3	2.8	16	5.9
Other arrangements	1	.6	5	4.6	6	2.2
Total	164	100.0	109	100.0	273	100.0

FIRST UNIFORM POLICY

The various localities throughout the country speedily came to feel that there had been unfair discrimination between them; those cities which had insisted upon payments in lieu of taxes had received them, whereas those which had not insisted had received none. In order to bring about a uniformity of administration and to treat all localities on the same basis, the PHA in 1942 promulgated a uniform policy in regard to payments in lieu of taxes. Local authorities were authorized to make payments in lieu of taxes which, together with the amounts stipulated in the original contracts, would amount to 5 percent of the shelter rents charged in the project for the year. This authorization was, of course, subject to the statutory condition that local contributions were to be not less than 20 percent of Federal contribution.

Mr. President, here is what happened. The cities were very anxious to get the low-rent housing. They were perfectly willing not to have any payment in lieu of taxes, because they wanted to make a contribution to low-rent housing. The PHA was perfectly willing to do that. It was out to get public housing in every city in the United States. In order to get it, the PHA came to Congress and indicated to Congress, "We can build these houses; the local communities will contribute the amount of taxes."

Then the PHA found some cities that would not do that. For instance, there was a town in Texas that said, "We want, as taxes, the amount we are now collecting on this vacant land." Such a provision was put in their contract.

Then, after the Congress provided those houses, the PHA broke faith with the Congress, without giving any notice and without doing anything other than making special deals with each one of the cities, raising to 10 percent of the shelter rate the amount to be paid in lieu of taxes.

So, Mr. President, if we do not include this provision, the result will be to cost the Federal Government a subsidy of \$1,360,000.

My city of Detroit has sent representatives here to Washington to see me. They want this 10-percent payment in lieu of taxes. But I have said to them, as I say to the representatives of all the other cities, that so far as I am concerned, they made their contract; they wanted the housing; they agreed that they would put up the amount in lieu of taxes, as their share; so now they should not get a further subsidy, but they should stand by their contract, the same as all the other cities do.

I think the time has come when the cities of the country as well as the Federal Government must help furnish the poor people of the Nation with housing. That is the only way we are going to have careful operation of the housing projects, because the people will realize they are sharing the burden. This is a burden upon all the people, not only of the cities, but of the United States, and not only of the United States but of the respective cities.

I hope the measure will be left just as it is. As I recall, there was in the committee no discussion about this phase of it, I know the committee was unanimous on it. The cities agreed to this, and they should now carry out the agreement, after they have the housing projects, without changing it.

Mr. LUCAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. YOUNG in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	Murray
Baldwin	Hickenlooper	O'Connor
Ball	Hill	O'Mahoney
Barkley	Hoey	Pepper
Brewster	Holland	Reed
Bricker	Ives	Revercomb
Brooks	Jenner	Robertson, Va.
Butler	Johnson, Colo.	Robertson, Wyo.
Byrd	Johnston, S. C.	Russell
Cain	Kem	Saltonstall
Capper	Kilgore	Smith
Cooper	Knowland	Sparkman
Cordon	Langer	Stennis
Donnell	Lodge	Stewart
Dworshak	Lucas	Taft
Eastland	McClellan	Taylor
Eaton	McFarland	Thomas, Okla.
Ellender	McKellar	Thye
Feazel	McMahon	Tobey
Ferguson	Magnuson	Umstead
Flanders	Martin	Vandenberg
Fulbright	Maybank	Watkins
Green	Millikin	Wherry
Gurney	Moore	Williams
Hawkes	Morse	Young

The PRESIDING OFFICER. Seventy-five Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. LUCAS].

Mr. LODGE. Let the amendment be stated for the information of the Senate.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 3, line 7, it is proposed to strike out the figures "\$4,840,000" and insert in lieu thereof "\$6,200,000"; and on page 3, to strike the proviso beginning on line 20 and ending on line 1, page 4, which reads as follows: "Provided further, That no part of this appropriation shall be used to pay any public housing agency any contribution occasioned by payments in

lieu of taxes in excess of the amount specified in the original contract between such agency and the Public Housing Administration or its predecessor agencies."

Mr. LUCAS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. WHERRY. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from Delaware [Mr. BUCK], the Senator from Indiana [Mr. CAPEHART], the Senator from Nevada [Mr. MALONE], the Senator from Wisconsin [Mr. MCCARTHY], and the Senator from Iowa [Mr. WILSON] are absent on official business. If present and voting, the Senator from New Hampshire [Mr. BRIDGES] would vote "nay."

The Senator from South Dakota [Mr. BUSHFIELD] and the Senator from Maine [Mr. WHITE] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is detained on official committee business.

Mr. LUCAS. I announce that the Senators from New Mexico [Mr. CHAVEZ and Mr. HATCH], the Senator from Texas [Mr. CONNALLY], the Senator from California [Mr. DOWNEY], the Senator from Rhode Island [Mr. McGRATH], the Senator from Nevada [Mr. McCARRAN], the Senator from Texas [Mr. O'DANIEL], the Senator from Maryland [Mr. TYDINGS], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Pennsylvania [Mr. MYERS] is absent on public business.

The Senator from Georgia [Mr. GEORGE] is absent because of a death in his family.

The Senator from Utah [Mr. THOMAS] is absent by leave of the Senate, having been appointed a national delegate by the President to the annual conference of the International Labor Organization, meeting in San Francisco, Calif.

I announce further that, if present and voting, the Senator from California [Mr. DOWNEY], the Senator from Rhode Island [Mr. McGRATH], the Senator from Pennsylvania [Mr. MYERS], the Senator from Utah [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] would vote "yea."

The result was announced—yeas 42, nays 33, as follows:

YEAS—42

Aiken	Holland	Maybank
Baldwin	Ives	Morse
Barkley	Johnson, Colo.	Murray
Brooks	Johnston, S. C.	O'Connor
Cooper	Kilgore	O'Mahoney
Cordon	Knowland	Pepper
Donnell	Langer	Saltonstall
Eastland	Lodge	Smith
Ellender	Lucas	Sparkman
Feazel	McClellan	Stennis
Ferguson	McFarland	Stewart
Flanders	McKellar	Taylor
Green	McMahon	Thomas, Okla.
Hayden	Magnuson	Tobey
Hill		

NAYS—33

Ball	Gurney	Robertson, Va.
Brewster	Hawkes	Robertson, Wyo.
Bricker	Hickenlooper	Russell
Butler	Hoey	Taft
Byrd	Jenner	Thye
Cain	Kem	Umstead
Capper	Martin	Vandenberg
Dworshak	Millikin	Watkins
Eaton	Moore	Wherry
Ferguson	Reed	Williams
Fulbright	Revercomb	Young

NOT VOTING—21

Bridges	George	O'Daniel
Buck	Hatch	Thomas, Utah
Bushfield	McCarran	Tydings
Capehart	McCarthy	Wagner
Chavez	McGrath	White
Connally	Malone	Wiley
Downey	Myers	Wilson

So Mr. LUCAS' amendment was agreed to.

The PRESIDING OFFICER (Mr. Ives in the chair). The bill is open to further amendment.

Mr. ELLENDER. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 6, line 1, it is proposed to strike out "\$2,000,000" and insert "\$3,000,000."

Mr. ELLENDER. Mr. President, the amendment I have submitted would provide for \$1,000,000 additional capital-stock subscription to the Inland Waterways Corporation, which operates the Federal Barge Lines and the Warrior River Terminal Company. This appropriation of \$1,000,000 would complete the capital subscription of this corporation under the existing authorization.

The Federal Barge Lines was organized in its present form in 1924 and since that time has hauled an average of 2,000,000 tons of freight per year. At the time of its organization there were no other common carriers of freight on the Mississippi River proper, and, largely because of the pioneering work which it did, there were, by 1944, over a hundred common, contract, and private carriers operating on the Mississippi River system. In addition to the pioneer work which the lines did, I am of the opinion that the service offered to a large number of small shippers was a basis of considerable support for the improvement of our streams and rivers, thus making profitable private barge-line operations possible.

Perhaps the best example of the need for a service such as is offered by Federal Barge Lines can be found in the Tennessee River, where millions of dollars have been spent in developing a 9-foot channel to Knoxville, a distance of more than 600 miles from the mouth of the river. Although large tonnage is being carried on the Tennessee today, there is not a single ton carried in less than barge-load lots, which means that the small shipper or the shipper who has need of common-carrier service is receiving no benefit whatsoever from that improvement. For instance, a small lot of sugar destined from New Orleans to Knoxville cannot be shipped by water, since there is no common-carrier service beyond Cairo, Ill. As a consequence, the wholesale grocer in Knoxville is not receiving the benefits from the Tennessee River that otherwise should accrue to him.

Quite obviously the reason for this situation is that the operation of package freight service by barge lines is comparatively unprofitable. A bargeload of sugar, for instance, being hauled from New Orleans to St. Louis, can be hauled much cheaper than the hauling of odd lots to numerous points along the river between New Orleans and St. Louis,

where stops must be made to unload and distribute. Despite this lack of profit in such form of transportation, the Federal Barge Lines, during most of its existence, has operated at a profit, and, in the 24 years since its formation, the Federal Government has put only \$12,000,000 into the enterprise. This amount, I may say, was utilized to buy the equipment which is now being used in order to carry freight on the Mississippi River and its tributaries.

The Federal Barge Lines is now burdened with obsolete and dilapidated equipment, which has made its operation unprofitable in recent years. Until it is rehabilitated, its operation will, no doubt, continue to be at a loss. Under the very capable management of Capt. A. C. Ingersoll, the present president of the Corporation, the Lines is engaged in developing new equipment designed materially to decrease the line-haul cost. Within the last few weeks an integrated towboat has been launched, which is designed to reduce operating cost approximately 50 percent. For instance, using the new unit, a tow consisting of one boat and nine barges, hauling 12,000 tons, or, roughly, two and one-half trainloads, would be able to proceed upstream at a rate of 7 miles per hour, compared with the present speed of 3 to 3½ miles per hour. Captain Ingersoll is confident that outfitting the Lines with several of these units would wipe out present operating deficits, in addition to attracting more business because of the better service which could be offered because of the new equipment.

The Budget requested \$3,000,000 in this appropriation for fiscal year 1949, which would be used to construct a second integrated towboat and 29,300 tons of integrated barge capacity and also allow for improving and increasing the capacity of the East St. Louis Terminal. The towboat would cost an estimated \$600,000; the barge capacity, an estimated \$2,197,500; and the terminal work, approximately \$200,000.

If we are to obtain full dividends from the appropriations we have been making for river and harbor development, then we must see to it that the Federal Barge Lines not only continues in existence but is placed in a position of rendering service. Development of the Missouri River, the Arkansas River, the Red River, and numerous other streams, for transportation purposes, will not be fully effective if there is no agency existent to pioneer the transportation service on them. In the beginning of such service, operations are necessarily unprofitable. No private carrier is willing to lose the money over a period perhaps of several years which extension of common carrier service entails. On the other hand, an established line like the Federal Barge Lines, because it is able to balance the loss on shipments of less than barge-load lots against profits on bulk shipments in barge-load lots, is able, when properly equipped, to do this business at little or no loss.

I wish to point out to my colleagues throughout the Mississippi Valley that their entire freight rate structure, rail, barge, and truck, is based upon the rates offered by the Federal Barge Lines.

Grain, regardless of its mode of transportation, is shipped cheaper from Omaha to New Orleans, because of the existence of the Federal Barge Lines. Industrial products from Pittsburgh and Chicago likewise carry a cheap rate because of the work which this Government corporation is doing. Minneapolis-St. Paul has developed into a principal river port largely because of the pioneering work of the Federal Barge Lines on the Mississippi River after its canalization. This is a service from which the small-business man and the farmer all reap a reward. It is a small amount which this amendment provides, but it is a vital amount to thousands of shippers throughout the great midcontinent area.

Let me repeat that the amount provided by my amendment is to be used solely to purchase new barges and a new towboat. As I indicated a moment ago, the entire amount which has been so far spent by the Federal Government for this service has been expended to purchase towboats and barges. Most of this equipment is more than 20 years old, and the money proposed to be added will be more or less an investment on the part of the Federal Government to continue this service for the people of the valley.

I ask that the amendment be adopted.

Mr. President, I ask unanimous consent that a letter under date of May 25, 1948, addressed to the Senator from Michigan [Mr. FERGUSON], by Lewis I. Bourgeois be printed at this point in the RECORD as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BOARD OF COMMISSIONERS OF THE
PORT OF NEW ORLEANS,
— New Orleans, La., May 25, 1948.

HON. HOMER FERGUSON,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: I am advised that on Thursday of this week, the Subcommittee on Government Corporations of the Senate Appropriations Committee, will hold a hearing relative to the Federal barge lines, with particular reference to appropriating \$3,000,000 to make up the deficiency in its original capital stock. These lines are operated by the Inland Waterways Corp, which was incorporated at \$15,000,000, but only relieved \$12,000,000.

A house bill recently introduced sought to make up the deficiency of \$3,000,000, but we learn this was cut to \$2,000,000, which was most unfortunate.

We in New Orleans urge most earnestly your committee to authorize the full \$3,000,000.

Just last week the Young Men's Business Club of New Orleans, a civic organization of business and professional men, a membership of 3,500, took cognizance of various bills now before the Congress, some aimed to sell the Federal barge lines to private ownership, and one particularly, in the Senate, which aimed to continue the lines and rehabilitate them. I am now the chairman of this club's committee, and am authorized to submit to you our views.

We are all gravely apprehensive that, pending final decision on any legislation, the Federal barge lines will find themselves with insufficient funds to operate properly, to furnish regular service, to maintain its equipment, and at the same time do some urgent rehabilitating, with the final result that the

lines will disintegrate for lack of funds. We are fearful that the lines will find their equipment in such shape that they may be forced to curtail acceptance of all kinds of freight from all types shippers, small and large. If this takes place, business interests of the midcontinent and of this port will suffer, as many businesses and industries did locate in that area because of the assured existence of the lines' services, schedules, rates, and rate territory.

It is well to point out that when the corporation was authorized by the Congress, there were guarantees written in the act. The people of the mid-continent area have every right to ask for their fulfillment. The act provides for certain plans for sale to private ownership, and they embody these guarantees. Therefore the people, when establishing or expanding industry in the mid-continent, could expect either continued Government or private ownership, since in either case the act, if followed, gives assurance of continuation of service.

The executive of the Federal Barge Lines, and his staff, have devised a new type of towboat which should revolutionize inland waterway barge operation. This towboat was demonstrated to the public at New Orleans this week, and its performance won public acclaim. The press carried most encouraging news stories of the demonstration. Its use will be attractive to the shipping public because it will cut down the long transit time now in effect by river barge lines, between river ports. It will enable the small shipper who, heretofore, could not afford to anticipate his needs for merchandise and thus was deprived of the opportunity to save money on transportation costs to use the lines. Faster deliveries will help him. But this one tow certainly will not be sufficient. The other equipment, almost worn out during the war, need a lot of repair. These lines therefore must have sufficient funds to carry on; and certainly to carry on until the Congress decides as to continuing Government operation, or sell to private interests. We fear it may take the Congress too long to decide.

We respectfully urge your Committee, if it is to pass only upon the \$3,000,000 appropriation to vote this total amount favorably. This is most important so that the lines can maintain proper service to the mid-continent area, and certainly this service should be continued without interruption.

It will be our committee's purpose to submit our views to every Member of the Senate and the House relative to the disposition of the Federal barge lines, but we will do this in separate communications.

Sincerely yours,

LEWIS I. BOURGEOIS,
Chairman.

Mr. FERGUSON. Mr. President, when this question came before the subcommittee and the committee the amount was placed at \$2,000,000 instead of \$3,000,000. The House allowed \$2,000,000, and Mr. Ingersoll when he testified before the Senate committee, stated that he thought the House committee went on the assumption that their revenues would be as estimated in their budget. In other words, they came before the budget and stated that they were able to get a certain amount of revenues, and when they came before the committees they indicated that they could not obtain those revenues.

The amendment of the Senator from Louisiana would add \$1,000,000 to the amount of the bill. The amendment would be used for the erection of a barge. They have already built a barge, and they want to build another just like it before

they even experiment with the one they have. This is what the House says about the matter:

After a few months of experimental operation with this equipment to ascertain its practicability for river transportation, the management hopes to add additional barge equipment to its facilities and procure additional "integrated tow" boats. If such equipment proves successful, it is possible that the feasibility of providing common-carrier barge service on inland waterways can be demonstrated in such manner that private capital can be attracted to this operation, thus enabling the Government to get out of the barge business.

In other words, it is the intention of the Government to liquidate this business. They have built one barge. The Government corporation wants to build another barge for \$1,000,000 before it has even experimented with the one which has been built.

I read further from the House report:

In view of the fact that legislation to authorize the sale of the barge line is pending, the committee is reluctant to recommend appropriation of the entire request in the budget of \$3,000,000. The amount of \$2,000,000 is recommended for 1949. This sum should enable the Corporation to obtain enough new capital equipment to demonstrate efficient operation and to attract private capital to this enterprise, and also to provide working capital adequate under careful management to maintain the Corporation as a going concern.

Mr. President, in a few words that is the substance of what the amendment would do. It would take another \$1,000,000 of the taxpayers' money to build an experimental tug or towboat for the river; and they have not demonstrated that they have one now which will work. I hope the Senate will sustain the action of the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

The amendment was rejected.

Mr. FERGUSON. Mr. President, I think that concludes the amendments.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. COOPER. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Kentucky will be stated.

The LEGISLATIVE CLERK. On page 24, lines 4 and 5, it is proposed to strike out "to be carried to the surplus fund and covered into the Treasury" and insert "the revolving fund authorized in title 12, United States Code, section 1311."

Mr. COOPER. Mr. President, first I should like to ask the Senator from Michigan a question. In House bill 6481, on my desk, page 24, line 3, I find the figure "\$60,000,000." Has the figure been reduced to \$20,000,000?

Mr. FERGUSON. It has been reduced from \$60,000,000 to \$20,000,000.

Mr. COOPER. Mr. President the pending measure provides in the section "Production credit corporations"—

That prior to June 30, 1949, the corporations—

Speaking of production credit corporations—

shall return Government capital aggregating not less than \$20,000,000 to the Treasury of the United States to be carried to the surplus fund and covered into the Treasury, and the Governor of the Farm Credit Administration is authorized and directed to cancel the capital stock of the corporations in par value amount equal thereto.

My amendment does not involve any increased appropriation of money. It simply provides that the \$20,000,000 which is to be paid by the production credit corporations and credit associations shall go to the revolving fund which is their reservoir of capital for loans rather than back to the Treasury of the United States. I shall briefly state my reasons for offering the amendment.

As Senators know, there has been created in the past a revolving fund of approximately \$120,000,000, from which funds could be made available to local production credit associations for loans to farmers for purposes for which loans were not usually available from banks at that time—for seed loans, machinery loans, fertilizer and similar loans. My amendment would keep intact the revolving fund of \$120,000,000 so that if great need arises in the future, funds will be available for the purpose. The Production Credit Corporation has made a fine record in my State, Kentucky, and in the Nation. The need for its services is still present, and I do not see any reason for reducing the revolving fund, which makes this type of credit available. This may lead to the eventual destruction of the fund.

Mr. FERGUSON. Mr. President, I realize that we have been a long time on this particular bill, but I urge the Senate not to adopt this amendment for this reason: This Corporation was financed by the Treasury, or the money of the taxpayers of the United States. It has now accumulated in the Corporation treasury a surplus of \$60,000,000. The Government wants that money repaid to its Treasury through the cancellation of stock. The holders of the Corporation are the farmers. I agree that it has been a good thing for the farmers. But they have this fund accumulated. They are not paying 1 cent of interest to the United States Government. Now they do not want to return the \$20,000,000. The House said \$60,000,000, but the Senate committee said \$20,000,000. They do not want to pay it back into the Treasury because they feel that if they keep it in the revolving fund, if they need it in the future they can go and get it. They have now a \$60,000,000 surplus. There is no reason why the taxpayers should not have this money paid back into the Treasury, so that they will not have to pay interest on it. This corporation is paying no interest at the present time.

I therefore hope that the amendment will not be agreed to.

Mr. COOPER. Mr. President, I understand that no objection is made by the Production Credit Corporation, or by their local agencies, to paying this money into the revolving fund. The

committee provision is that it shall be paid back into the Treasury, which could mean that the revolving fund, established for the benefit of the farmers and for this type of loan, would be eventually destroyed. My amendment will assure the maintenance of the revolving fund, and its continued availability for the use of farmers in the future.

I am not in any way in controversy with the Senator from Michigan upon the point that the money should be paid back. I am in controversy, however, upon the point that it should be paid back into the Treasury rather than to the revolving fund. I believe that the farmers of the Nation desire that the revolving fund should be kept intact.

Mr. FERGUSON. Mr. President, the Corporation now has a surplus of \$60,000,000. According to the terms of the bill, we allow it to retain \$40,000,000. All we are asking it to do is to pay back \$20,000,000, so that the Federal Government will not be compelled to pay interest on it. This Corporation pays no interest; and if we adopt this amendment it means that nothing will come back to the United States Treasury or the United States Government.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. COOPER]. [Putting the question.]

Mr. COOPER. I ask for a division.

On a division the amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SPARKMAN. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 17, in line 13, it is proposed to strike out "\$19,000,000" and insert "\$20,650,000."

Mr. SPARKMAN. Mr. President, this amendment relates to the amount of money provided for the Federal Housing Administration for administrative expenses. When the \$19,000,000 figure was fixed it was anticipated that the program would be only under title II. We know that title VI of the National Housing Act was scheduled to go out of effect on March 31 of this year. So when the budget was sent up, only \$19,000,000 was asked for, in order to handle the title II loans.

But following that time, Congress extended the life of the operations under title VI, and authorized \$750,000,000 of additional loans to be insured. Later, Congress extended it again, and authorized an additional \$400,000,000. That makes a total of \$1,150,000,000 which the Congress authorized the FHA to handle, without giving it any increase whatsoever in the funds available for paying the expenses of handling those loans.

This amendment would increase the amount by \$1,650,000. As a matter of fact, it will not be money the Treasury will pay out, because every loan that is made pays a fee to pay the expenses of closing the loan. If we go along with the \$19,000,000, that simply will mean

one of two things: Either it will slow up the work of clearing the title VI loans, which we authorized, and for which commitments are already made, or we shall get shoddy inspections, and thereby will get loans that will be poor risks, and eventually a loss will fall upon the Treasury.

As I stated a moment ago, all the money is paid in by the borrowers, so in the long run this amendment will not cost the Government anything. By giving the agency this \$1,650,000 additional, we can have efficient operation and can have reasonably prompt closure of loans and can have good inspections which will result in giving us better risks.

I think it will be a good investment, and I hope the Congress will authorize the use of the additional amount of money by the Federal Housing Administration.

Mr. FERGUSON. Mr. President, title VI has not been passed as yet. The reason for the difference between the \$19,000,000 figure and the \$20,650,000 figure is that the authorization for title VI of the housing bill had not been passed, and the Senate committee believed it should accept the judgment of the House, because the work has not been authorized.

As the House committee said in its report:

The budget estimate of \$19,000,000 relates primarily to work under title II. The amount has been approved, and the expenses relating to title VI of the program will be considered after enactment of a new title VI authorization.

So, Mr. President, when title VI is passed, it will carry an authorization, and then in the Appropriations Committee a deficiency appropriation can be handled.

Mr. SPARKMAN. Mr. President, is it not a fact, and was it not brought out before the Senator's committee, that there are now outstanding commitments, under title VI, in the amount of approximately \$1,000,000,000? I am sure the Senator remembers that back in December, we authorized \$750,000,000 in loans, and that authority was to run until March 31. I am sure the Senator also remembers that in March we again extended title VI, and authorized \$400,000,000 additional. The greater amount of those two authorizations is still outstanding. The commitments have been made, but those projects are simply held up, waiting until inspections can be made.

As the Senator has said, this \$19,000,000 goes primarily to title II loans. The result is that there is nothing upon which to operate for title VI loans; and as a result we have \$1,000,000,000 of outstanding commitments, but no opportunity to make the proper inspections.

Mr. FERGUSON. Mr. President, just one sentence before the vote on this amendment: The \$400,000,000 which was provided for was on a 30-day extension of the title on April 30, under the appropriation for 1948; but the appropriation we are talking about now would be from June 30, so there is nothing really to provide for at the present time, until further legislation is enacted.

The PRESIDING OFFICER. The question is on agreeing to the amend-

ment offered by the Senator from Alabama, on page 17, in line 13.

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SPARKMAN. Mr. President, I offer the amendment which I now send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 19, it is proposed to strike out all beginning with the word "That", in line 11, through the words "Provided further", in line 6.

Mr. SPARKMAN. Mr. President, the language I am trying to strike out by this amendment is a limitation on the number of officers and employees in the classification grade 11 of the clerical, administrative, and fiscal service, and of class 4 of the professional service, used in the Public Housing Administration. It provides that not more than 20 percent of the total number of that class of officers can be in those grades.

I shall take only a minute to explain this amendment. The Public Housing Administration, as it stands today, really is the custodian of a large number of various housing programs which were developed and put into effect during the war. They were developed by other agencies, but they have been turned over to the Public Housing Administration for it to administer. A great many of them are in process of liquidation and are being closed out.

Practically all the work of this particular division is of a supervisory nature. It is not a case in which the usual run-of-the-mine employees are used—employees such as stenographers, clerks, typists, and others who are in the lower grades; but the work is largely supervisory, and naturally it calls for a high percentage of supervisory personnel. So this limitation, as it is written into the bill, is an undue restriction upon that agency, if we are to have proper administration.

Mr. FERGUSON. Mr. President, just a few words on this amendment. Last year the Congress of the United States undertook to say that this agency had too many high-paid employees in its services; and therefore the Congress provided that not to exceed 20 percent of the total number of officers and employees of the agency of that class were to be in the higher-salaried group which have just been referred to, and whose salaries would be paid from such funds. The agency got along all right with that arrangement last year. There is no reason why Congress should not say at this time that the agency has had too many high-paid officers, and there is no reason why the Congress should not stipulate here that that agency cannot have as many high-paid employees as it desires. That is all there is to this matter.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama on page 19, in lines 1 to 6.

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

If there is no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. FERGUSON. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. FERGUSON, Mr. REED, Mr. WHERRY, Mr. MCKELLAR, and Mr. RUSSELL conferees on the part of the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed a bill (H. R. 6527) to provide assistance to certain local school agencies overburdened with war-incurred, or postwar national-defense-incurred enrollments, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H. R. 2744. An act to provide for the elimination of Regular Army and Regular Air Force officers and for the retirement of officers, warrant officers, and enlisted men of the Regular Army and the Regular Air Force, and to provide retirement benefits for members of the reserve components of the Army of the United States, the Air Force of the United States, United States Navy and Marine Corps, and Coast Guard;

H. R. 3889. An act to amend Veterans Regulation No. 1 (a), parts I and II, as amended, to establish a presumption of service connection for chronic and tropical diseases;

H. R. 6028. An act to authorize appropriations for the Bureau of Reclamation for payments to school districts on certain projects during their construction status; and

H. R. 6753. An act making supplemental appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1949, and for other purposes.

HOUSE BILLS REFERRED OR PLACED ON CALENDAR

The following bills were severally read twice by their titles, and referred, or ordered to be placed on the calendar, as indicated:

H. R. 6411. An act to provide for the issuance of a special postage stamp in furtherance of national safety against traffic and other accident hazards; to the Committee on Post Office and Civil Service.

H. R. 4462. An act authorizing the conveyance of certain lands in Park County, Wyo., to the State of Wyoming;

H. R. 5053. An act to provide for the establishment of the Independence National Historical Park and for other purposes;

H. R. 6247. An act to provide for the air security and defense of the United States, to establish the composition of the Air Force, and for other purposes; and

H. R. 6527. An act to provide assistance to certain local school agencies overburdened with war-incurred, or postwar national defense-incurred, enrollments; ordered to be placed on the calendar.

ACCEPTANCE OF CONSTITUTION OF INTERNATIONAL LABOR ORGANIZATION INSTRUMENT OF AMENDMENT

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the joint resolution from the Senate (S. J. Res. 117) providing for acceptance by the United States of America of the Constitution of the International Labor Organization Instrument of Amendment, and further authorizing an appropriation for payment of the United States share of the expenses of membership and for expenses of participation by the United States, which was, on page 2, to strike out all after line 7, down to and including line 2 on page 4, and insert:

SEC. 2. There is hereby authorized to be appropriated annually to the Department of State—

(a) such sums, not to exceed \$550,000 for the fiscal year beginning July 1, 1947, as may be necessary for the payment by the United States of its share of the expenses of the Organization, as apportioned by the International Labour Conference in accordance with article 13(c) of the Constitution of the Organization: *Provided, however, That the annual United States quota of contribution to the total budget of the Organization shall not be greater in proportion than the United States quota of contribution to the total budget of the United Nations; and*

(b) such additional sums, not to exceed \$95,000 for the fiscal year beginning July 1, 1947, as may be necessary to pay the expenses incident to participation by the United States in the activities of the Organization, including—

(1) salaries of the representative or representatives and alternates and appropriate staff, including personal services in the District of Columbia and elsewhere, without regard to the civil-service laws and the Classification Act of 1923, as amended; services as authorized by section 15 of Public Law 600, Seventy-ninth Congress; under such rules and regulations as the Secretary of State may prescribe, allowances for living quarters, including heat, fuel, and light and cost of living allowances to persons temporarily stationed abroad; printing and binding without regard to section 11 of the act of March 1, 1919 (44 U. S. C. 111), and section 3709 of the Revised Statutes, as amended; and

(2) such other expenses as the Secretary of State deems necessary to participation by the United States in the activities of the Organization: *Provided, That the provisions of section 6 of the act of July 30, 1946, Public Law 565, Seventy-ninth Congress, and regulations thereunder, applicable to expenses incurred pursuant to that act shall be applicable to any expenses incurred pursuant to this paragraph (b) (2).*

SEC. 3. No person shall serve as representative, delegate, or alternate from the United States until such person has been investigated as to loyalty and security by the Federal Bureau of Investigation; and no citizen of or resident in the United States shall participate in any session, conference, or meeting, or other work of the International Labor Organization or of any subordinate committee or organization thereof without the consent of the Secretary of State.

Mr. VANDENBERG. Mr. President, I move that the Senate disagree to the amendment of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and

that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. VANDENBERG, Mr. SMITH, and Mr. CONNALLY conferees on the part of the Senate.

OPERATION AND MAINTENANCE OF OCEAN STATIONS BY COAST GUARD—CONFERENCE REPORT

Mr. BREWSTER. Mr. President, I submit a conference report on Senate bill 2122, to authorize the Coast Guard to operate and maintain ocean stations, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The conference report will be read.

The conference report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2122) to authorize the Coast Guard to operate and maintain ocean stations, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: "That the Coast Guard is authorized to operate and maintain floating ocean stations for the purpose of providing search and rescue, communication, and air navigation facilities, and meteorological services in such ocean areas as are regularly traversed by aircraft of the United States."

"SEC. 2. The Coast Guard is authorized, subject to approval by the Administrator of Civil Aeronautics, to operate, on floating ocean stations authorized by section 1 hereof, such air navigation facilities as the Administrator may find necessary or desirable for the safe and efficient protection and control of air traffic. The Coast Guard, in establishing, maintaining, or operating any air navigation facilities herein provided, shall request the cooperation of the Administrator of Civil Aeronautics to the end that the personnel and facilities of the Civil Aeronautics Administration will be utilized to the fullest possible advantage."

And the House agree to the same.

OWEN BREWSTER,
A. W. HAWKES,
HOMER CAPEHART,
ED. C. JOHNSON,
ERNEST W. MCFARLAND,

Managers on the Part of the Senate.

S. O. BLAND,
EDW. J. HART,
T. MILLET HAND,
HENRY J. LATHAM,
ALVIN F. WEICHEL,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the conference report?

There being no objection, the report was considered and agreed to.

AIDS TO NAVIGATION BY COAST GUARD—CONFERENCE REPORT

Mr. BREWSTER. Mr. President, I submit a conference report on Senate bill 1853, to authorize the Coast Guard to establish, maintain, and operate aids to navigation, and I ask unanimous consent for its immediate consideration.

80TH CONGRESS
2D SESSION

H. R. 6481

IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 1948

Ordered to be printed with the amendments of the Senate numbered

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I

4 That the following sums are appropriated, out of any
5 money in the Treasury not otherwise appropriated, for the
6 fiscal year ending June 30, 1949, namely:

7 TENNESSEE VALLEY AUTHORITY

8 For the purpose of carrying out the provisions of the
9 Tennessee Valley Authority Act of 1933, as amended (16
10 U. S. C., ch. 12A), including purchase (not to exceed

1 one, for replacement only) and hire, maintenance, repair,
 2 and operation of aircraft; the purchase (not to exceed two
 3 hundred and seventy, of which two hundred and twenty
 4 shall be for replacement only) and hire of passenger motor
 5 vehicles, ~~(1)\$27,389,061~~ \$30,972,061, to remain available
 6 until expended, and to be available for the payment of
 7 obligations chargeable against prior appropriations, together
 8 with the unobligated balance of funds heretofore appropri-
 9 ated, of which not to exceed ~~(2)\$21,689,000~~ \$25,689,000
 10 shall be available for capital expenditures, including construc-
 11 tion of dams, ~~(3)one steam plant at New Johnsonville,~~
 12 *Tennessee*, additions and betterments to completed multiple-
 13 use facilities, investigations for future projects, chemical
 14 facilities, and facilities and equipment for general use.

15 HOUSING AND HOME FINANCE AGENCY

16 OFFICE OF THE ADMINISTRATOR

17 Salaries and expenses, Office of the Administrator,
 18 \$750,000, to be available for necessary expenses of the Office
 19 of the Administrator, including the preparation, mounting,
 20 shipping, and installation of exhibits; expenses of attendance
 21 at meetings of organizations concerned with the work of the
 22 Agency when specifically authorized by the Administra-
 23 tor; and health service program as authorized by law
 24 (5 U. S. C. 150) .

PUBLIC HOUSING ADMINISTRATION

Annual contributions: For the payment of annual contributions to public housing agencies in accordance with section 10 of the United States Housing Act of 1937, as amended (42 U. S. C. 1410), ~~(4)\$4,840,000~~ \$6,200,000: *Provided*, That except for payments required on contracts entered into prior to April 18, 1940, no part of this appropriation shall be available for payment to any public housing agency for expenditure in connection with any low-rent housing project, unless the public housing agency shall have adopted regulations prohibiting as a tenant of any such project by rental or occupancy any person other than a citizen of the United States, but such prohibition shall not be applicable in the case of a family of any serviceman or the family of any veteran who has been discharged (other than dishonorably) from, or the family of any serviceman who died in, the armed forces of the United States within four years prior to the date of application for admission to such housing: ~~(5)~~*Provided further*, That no part of this appropriation shall be used to pay any public housing agency any contribution occasioned by payments in lieu of taxes in excess of the amount specified in the original contract between such agency and the Public Housing Administration or its predecessor agencies: *Provided*

1 *further*, That all expenditures of this appropriation shall be
2 subject to audit and final settlement by the Comptroller
3 General of the United States under the provisions of the
4 Budget and Accounting Act of 1921, as amended.

5 DEPARTMENT OF STATE

6 THE INSTITUTE OF INTER-AMERICAN AFFAIRS

7 For necessary expenses of the Institute of Inter-
8 American Affairs in carrying out the provisions of Public
9 Law 369, approved August 5, 1947, during the fiscal year
10 1949, \$2,500,000: *Provided*, That funds made available
11 to the Corporation by this Act and under prior appropria-
12 tions and not obligated by the Corporation on or before
13 June 30, 1949, shall not be available for obligation after
14 that date and shall lapse pursuant to section 3690 of the
15 Revised Statutes and the Act of June 20, 1874, as amended
16 (31 U. S. C., 712, 713).

17 DEPARTMENT OF AGRICULTURE

18 FARM CREDIT ADMINISTRATION

19 For necessary expenses, including personal services in
20 the District of Columbia; printing and binding; not to ex-
21 ceed \$5,000 for attendance at meetings or conventions of
22 members of organizations at which matters of importance
23 to the work of the Farm Credit Administration are to be
24 discussed or transacted; not to exceed \$750 for periodicals
25 and newspapers; library membership fees or dues in organi-

1 zations which issue publications to members only or to mem-
2 bers at a lower price than to others, payment for which may
3 be made in advance; not to exceed \$20,000 for expenditures
4 authorized by section 602 of the Organic Act of 1944 (12
5 U. S. C. 833); purchase of one passenger motor vehicle
6 (for replacement only) for use in the District of Columbia
7 and elsewhere; garage rental in the District of Columbia;
8 payment of actual transportation and other necessary ex-
9 penses and not to exceed \$10 per diem in lieu of subsistence
10 of persons serving, while away from their homes, without
11 other compensation from the United States, in an advisory
12 capacity to the Farm Credit Administration, except that such
13 expenditures shall not exceed \$10,000; examination of cor-
14 porations, banks, associations, and institutions operated,
15 supervised, or regulated by the Farm Credit Administration;
16 in all, \$500,000. Collections made pursuant to section 601
17 of the Organic Act of 1944 (12 U. S. C. 832) are hereby
18 made available to reimburse this appropriation for the cost
19 of examining and supervising the corporations, banks, asso-
20 ciations, and other organizations as provided in said section.

21 DEPARTMENT OF COMMERCE

22 Inland Waterways Corporation: For the purchase of
23 capital stock of the Inland Waterways Corporation author-
24 ized by section 2 of the Act of June 3, 1924, as amended

1 (49 U. S. C. 152), \$2,000,000, to remain available until
2 expended.

3 REDUCTION IN APPROPRIATIONS

4 Amounts available from appropriations and other funds
5 are hereby reduced in the sums hereinafter set forth, such
6 sums to be carried to the surplus fund and covered into the
7 Treasury upon the approval of this Act:

8 HOUSING AND HOME FINANCE AGENCY

9 Office of the Administrator: Veterans' housing: \$7,-
10 650,000 of the unobligated balances of the funds appro-
11 priated or made available for carrying out the veterans'
12 reuse housing program under title V of the Lanham Act
13 (Act of October 14, 1940, as amended, 42 U. S. C. 1521,
14 1571), of which \$4,650,000 shall be from the unobligated
15 balances of the funds appropriated by Public Law 256,
16 Eightieth Congress.

17 TITLE II

18 The following corporations and agencies, respectively,
19 are hereby authorized to make such expenditures, within the
20 limits of funds and borrowing authority available to each
21 such corporation or agency and in accord with law, and to
22 make such contracts and commitments without regard to
23 fiscal year limitations as provided by section 104 of the
24 Government Corporation Control Act, as amended, as may
25 be necessary in carrying out the programs set forth in the

1 Budget for the fiscal year 1949 for each such corporation or
2 agency, except as hereinafter provided:

3 INDEPENDENT AGENCIES AND CORPORATIONS

4 Export-Import Bank of Washington: Not to exceed
5 \$800,000 (to be on an accrual basis) of the funds of the
6 Export-Import Bank of Washington shall be available dur-
7 ing the fiscal year 1949 for all administrative expenses of
8 the bank, including not to exceed \$300 for periodicals, \$300
9 for newspapers, and \$500 for maps; health-service pro-
10 gram as authorized by law (5 U. S. C. 150), and not
11 to exceed \$2,000 for temporary services, as authorized by
12 section 15 of the Act of August 2, 1946 (5 U. S. C. 55a):
13 *Provided*, That necessary expenses (including special serv-
14 ices performed on a contract or fee basis, but not including
15 other personal services) in connection with the acquisition,
16 operation, maintenance, improvement, or disposition of any
17 real or personal property belonging to the bank or in which
18 it has an interest, including expenses of collections of pledged
19 collateral, or the investigation or appraisal of any property
20 in respect to which an application for a loan has been made,
21 shall be considered as nonadministrative expenses for the
22 purposes hereof.

23 Panama Railroad Company: Not to exceed \$715,000
24 (to be computed on an accrual basis) of the funds of the
25 company shall be available during the fiscal year 1949 for its

1 administrative expenses, including administrative services
2 performed for the company by other Government agencies,
3 which shall be determined in accordance with the company's
4 prescribed accounting system in effect on July 1, 1946, and
5 shall be exclusive of depreciation, payment of claims,
6 expenses of the commissary coupon audit, commissary contra-
7 band inspection, expenditures which the company's pre-
8 scribed accounting system requires to be capitalized or
9 charged to cost of commodities acquired, and expenses in
10 connection with acquisition, construction, operation, mainte-
11 nance, improvement, protection, and disposition of facilities
12 and other property belonging to the company or in which it
13 has an interest: *Provided, That* ~~(6) immediately upon the en-~~
14 ~~actment of this Act prior to July 31, 1948,~~ the Board of
15 Directors shall declare and pay into the Treasury of the
16 United States as miscellaneous receipts a dividend of
17 \$10,000,000 ~~(7) if not otherwise required to be turned into the~~
18 *Treasury under the provisions of the proposed Federal*
19 *charter.*

20 ~~(8) Tennessee Valley Associated Cooperatives, Incorpo-~~
21 ~~rated: Of the funds available to the Corporation, not to~~
22 ~~exceed \$500 shall be available for administrative expenses~~
23 ~~related to liquidation and dissolution, and not to exceed \$500~~
24 ~~for the cost of audit, as required by the Government Corpo-~~
25 ~~ration Control Act of December 6, 1945 (Public Law 248):~~

1 *Provided*, That all administrative duties and responsibilities
 2 shall be assumed by such officers and employee of the Treas-
 3 ury Department as the Secretary of the Treasury may desig-
 4 nate, and who shall receive no additional compensation for
 5 such duties: *Provided further*, That the Secretary of the
 6 Treasury shall take appropriate steps to secure the final
 7 dissolution and liquidation of said Corporation at the earliest
 8 practicable date: *Provided further*, That the total cost of
 9 liquidation and dissolution shall be paid out of funds avail-
 10 able to the Corporation without additional appropriations
 11 therefor: *Provided further*, That the Board of Directors of
 12 the Corporation is authorized to transfer to the Secretary of
 13 the Treasury title to assets (other than real property) of the
 14 Corporation upon certification of the president of the Corpo-
 15 ration that such transfer is to the interest of the Govern-
 16 ment of the United States and the Secretary of the Treasury
 17 is authorized to dispose of such assets at such times and in
 18 such manner as he may determine.

19 Tennessee Valley Authority: Pursuant to the require-
 20 ments applicable to the Tennessee Valley Authority of title
 21 II, Public Law 268, approved July 30, 1947, total payments
 22 of not less than \$5,500,000 shall be made in the fiscal year
 23 1949 from net income derived from power operations.

24 Not to exceed \$3,677,000, of which not to exceed

1 \$992,061 shall be derived from funds appropriated by title
2 I hereof (to be computed on an accrual basis), of the funds
3 available to the Tennessee Valley Authority, shall be
4 available during the fiscal year 1949 for all administrative
5 and general expenses of the Corporation, which expenses
6 shall be inclusive of costs of all administrative offices and
7 other activities representing management and other functions
8 serving the programs and projects of the Corporation in
9 general.

10 Reconstruction Finance Corporation: Not to exceed
11 \$24,796,000 (to be computed on an accrual basis) of the
12 funds of the Reconstruction Finance Corporation shall be
13 available during the fiscal year 1949 for its administrative
14 expenses and the administrative expenses of the Federal
15 National Mortgage Association; not to exceed \$1,500 for
16 periodicals and newspapers; health service program as
17 authorized by law (5 U. S. C. 150); use of the
18 services and facilities of the Federal Reserve banks:
19 *Provided*, That as used herein the term "admin-
20 istrative expenses" shall be construed to include all salaries
21 and wages, services performed on a contract or fee basis,
22 and travel and other expenses, including the purchases of
23 equipment and supplies, of administrative offices: *Provided*
24 *further*, That the limiting amount heretofore stated for
25 administrative expenses shall be increased by an amount

1 which does not exceed the aggregate cost of salaries, wages,
2 travel, and other expenses of persons employed outside the
3 continental United States; wages, fees, and other expenses,
4 including cost of contract services, of persons who are
5 exclusively engaged in construction, operation, clearance,
6 maintenance and protection of plants, operating facilities,
7 acquired collateral, and other property in which the Cor-
8 poration has an interest; the expenses of services performed
9 on a contract or fee basis in connection with termination
10 of contracts or in the performance of legal services; and
11 all expenses reimbursable from other Government agencies:
12 *Provided further*, That the distribution of administrative
13 expenses to the accounts of the Corporation shall be made
14 in accordance with (9) its *generally recognized* accounting
15 principles and practices: *Provided further*, That, except
16 as otherwise provided hereinafter, none of the funds
17 of the Reconstruction Finance Corporation and its sub-
18 sidiary shall be used for the custody, maintenance,
19 or disposal of any surplus property within the con-
20 tinental limits of the United States, its Territories or
21 possessions, except such property as may be owned by and
22 held for disposal by the Reconstruction Finance Corporation
23 or its subsidiary; but, notwithstanding any other provision
24 of law, the Reconstruction Finance Corporation may waive
25 reimbursement from War Assets Administration for the

1 administrative property transferred prior to July 1, 1946,
2 and for expenses incurred prior thereto in the custody, main-
3 tenance, or disposal of any surplus property: *Provided fur-*
4 *ther*, That no part of the funds of the Reconstruction Finance
5 Corporation or of its subsidiary shall be used to make any
6 purchase or for personal services or to enter into any contract
7 for the use or benefit of any other agency of the Government
8 unless such agency shall have authority in law and appropria-
9 tions available to make reimbursement for such purchase, per-
10 sonal services, or contract, except that this provision shall not
11 apply to expenditures in connection with materials, surplus
12 to the needs of the Corporation, which have been or hereafter
13 shall be transferred to stock piles established pursuant to the
14 Strategic and Critical Materials Stock Piling Act (60 Stat.
15 599) : *Provided further*, That the Secretary of the Treasury
16 is hereby authorized and directed to cancel notes of the Re-
17 construction Finance Corporation in the amount of \$9,313,-
18 736,531, plus the interest accrued thereon subsequent to
19 June 30, 1947, the foregoing stated amount representing un-
20 recovered costs to the Corporation as of June 30, 1947, in
21 its national defense, war, and reconversion activities, and any
22 amounts recovered by the Corporation with respect to these
23 activities subsequent to June 30, 1947, shall, after deduction
24 of related expenses, be deposited in the Treasury as mis-
25 cellaneous receipts: *Provided further*, That, notwithstand-

1 ing the provisions of section 6 (b) of the Strategic and Criti-
2 cal Materials Stock Piling Act (60 Stat. 599), the Secre-
3 tary of the Treasury shall cancel notes of the Reconstruc-
4 tion Finance Corporation on account of the transfer of
5 materials to stock piles in an amount equivalent only to the
6 costs incurred by the Corporation subsequent to June 30,
7 1947, for handling, storing, processing, and transporting
8 such materials, as determined and certified by the Corpora-
9 tion from its accounting records.

10 HOUSING AND HOME FINANCE AGENCY

11 Home Loan Bank Board: Not to exceed a total of
12 \$1,800,000, of which \$1,340,000 shall be available exclu-
13 sively for necessary expenses in connection with the making
14 of supervisory or other examinations (except examinations
15 of Federal home loan banks) including the provision of
16 services and facilities therefor, to be derived from the special
17 deposit account established under the provisions under the
18 head "Federal Home Loan Bank Administration" in the
19 Independent Offices Appropriation Act, 1944, and from
20 receipts of the Federal Home Loan Bank Administration,
21 the Federal Home Loan Bank Board, or the Home Loan
22 Bank Board for the fiscal year 1949 and prior fiscal years,
23 shall be available during the fiscal year 1949 for adminis-
24 trative expenses of the Home Loan Bank Board, including
25 health-service program as authorized by law (5 U. S. C.

1 150), and the Board may utilize and may make payment
2 for services and facilities of the Federal home-loan banks,
3 the Federal Reserve banks, the Federal Savings and Loan
4 Insurance Corporation, the Home Owners' Loan Corpora-
5 tion, and other agencies of the Government: *Provided*, That
6 all necessary expenses in connection with the conservator-
7 ship of institutions insured by the Federal Savings and Loan
8 Insurance Corporation and all necessary expenses (including
9 services performed on a contract or fee basis, but not in-
10 cluding other personal services) in connection with the
11 handling, including the purchase, sale, and exchange, of
12 securities on behalf of Federal home-loan banks, and the
13 sale, issuance, and retirement of, or payment of interest on,
14 debentures or bonds, under the Federal Home Loan Bank
15 Act, as amended, shall be considered as nonadministrative
16 expenses for the purposes hereof: *Provided further*, That
17 notwithstanding any other provisions of this Act, except for
18 the limitation in amount hereinbefore specified, the admin-
19 istrative expenses and other obligations of the Board shall
20 be incurred, allowed, and paid in accordance with the pro-
21 visions of the Federal Home Loan Bank Act of July 22,
22 1932, as amended (12 U. S. C. 1421-1449).

23 Federal Savings and Loan Insurance Corporation: Not
24 to exceed \$600,000 shall be available for administrative
25 expenses, including health-service program as authorized by

1 law (5 U. S. C. 150), which shall be on an accrual basis
 2 and shall be exclusive of interest paid, depreciation, prop-
 3 erly capitalized expenditures, expenses in connection with
 4 liquidation of insured institutions, liquidation or handling of
 5 assets of or derived from insured institutions, payment of
 6 insurance, and action for or toward the avoidance, termina-
 7 tion, or minimizing of losses in the case of specific insured
 8 institutions, and legal fees and expenses, and said Corpora-
 9 tion may utilize and may make payment for services and
 10 facilities of the Federal home-loan banks, the Federal Reserve
 11 banks, the Home Loan Bank Board, the Home Owners'
 12 Loan Corporation, and other agencies of the Government:
 13 *Provided*, That notwithstanding any other provisions of this
 14 Act, except for the limitation in amount hereinbefore
 15 specified, the administrative expenses and other obligations
 16 of said Corporation shall be incurred, allowed, and paid in
 17 accordance with title IV of the Act of June 27, 1934, as
 18 amended (12 U. S. C. 1724-1730).

19 Home Owners' Loan Corporation: Not to exceed
 20 (10) ~~\$2,250,000~~ \$2,500,000 shall be available for admin-
 21 istrative expenses, including health-service program as
 22 authorized by law (5 U. S. C. 150), which shall
 23 be on an accrual basis and shall be exclusive of in-
 24 terest paid, depreciation, properly capitalized expendi-
 25 tures, expenses (including services performed on a force

1 account, contract, or fee basis, but not including other
 2 personal services) in connection with the acquisition,
 3 protection, operation, maintenance, improvement, or disposi-
 4 tion of real or personal property belonging to said Corpora-
 5 tion or in which it has an interest, and legal fees and ex-
 6 penses, and said Corporation may utilize and may make
 7 payment for services and facilities of the Federal home-loan
 8 banks, the Federal Reserve banks, the Home Loan Bank
 9 Board, the Federal Savings and Loan Insurance Corpora-
 10 tion, and other agencies of the Government: *Provided*,
 11 That, notwithstanding any other provisions of this Act,
 12 except for the limitation in amount hereinbefore specified,
 13 the administrative expenses and other obligations of said Cor-
 14 poration shall be incurred, allowed, and paid in accordance
 15 with the Home Owners' Loan Act of 1933, as amended
 16 (12 U. S. C. 1461-1468): *Provided*, That all right, title,
 17 and interest of the Home Owners' Loan Corporation in the
 18 capital stock of the Federal Savings and Loan Insurance
 19 Corporation is hereby transferred to the Secretary of the
 20 Treasury and the Secretary of the Treasury is authorized
 21 and directed to cancel ~~(11)the capital stock bonds~~ of the
 22 Home Owners' Loan Corporation in ~~(12)par value an~~
 23 amount equal to the par value of the stock of the Federal
 24 Savings and Loan Insurance Corporation so transferred ~~(13)~~,
 25 *plus accrued dividends thereon: Provided further, That not*

1 to exceed \$5,000 of the funds of said Corporation shall be
2 available until June 30, 1952, for the payment of such
3 expenses as the Chairman of the Home Loan Bank Board
4 or his designee or designees may find necessary for winding
5 up the affairs and effecting the dissolution of the United
6 States Housing Corporation and the United States Housing
7 Corporation of Pennsylvania.

8 Federal Housing Administration: In addition to the
9 amounts available by or pursuant to law (which shall be
10 transferred to this authorization) for the administrative ex-
11 penses of the Federal Housing Administration in carrying
12 out duties imposed by or pursuant to law, not to exceed
13 \$19,000,000 of the various funds of the Federal Housing
14 Administration as follows: (1) The mutual mortgage
15 insurance fund; (2) the housing insurance fund; (3) the
16 account in the Treasury comprised of funds derived from
17 premiums collected under authority of section 2 (f), title I
18 of the National Housing Act, as amended (12 U. S. C.
19 1701); and (4) the war housing insurance fund shall be
20 available for expenditure, in accordance with the provisions
21 of said Act for the administrative expenses of the Federal
22 Housing Administration, including not to exceed \$1,500 for
23 periodicals and newspapers; not to exceed \$1,500 for con-
24 tract actuarial services; and health-service program as author-

1 ized by law (5 U. S. C. 150) : *Provided*, That necessary
 2 expenses of the Administration (including services performed
 3 on a contract or fee basis, but not including other personal
 4 services) in connection with the acquisition, protection, com-
 5 pletion, operation, maintenance, improvement, or disposition
 6 of real or personal property of the Administration acquired
 7 under authority of titles I, II, and VI of said National Hous-
 8 ing Act, shall be considered as nonadministrative for the
 9 purposes hereof: *Provided further*, That, except as herein
 10 otherwise provided, the administrative expenses and other
 11 obligations, including nonadministrative expenses, of the
 12 Administration shall be incurred, allowed, and paid in
 13 accordance with the provisions of said Act of June 27,
 14 1934, as amended (12 U. S. C. 1701).

15 Public Housing Administration: Of the amounts avail-
 16 able by or pursuant to law for the administrative expenses
 17 of the Public Housing Administration in carrying out duties
 18 imposed by or pursuant to law including not to exceed
 19 \$2,500,000 of the funds available for administrative expenses
 20 for the United States Housing Act program (all of which are
 21 hereby merged into a single administrative expense account),
 22 not to exceed (14) ~~\$9,000,000~~ \$10,000,000 shall be available
 23 for such expenses subject to the provisions of section 6 (b) of
 24 the Act of September 1, 1937, as amended, 42 U. S. C. 1406
 25 (b), including health-service program as authorized by law

1 (5 U. S. C. 150) : *Provided*, That the number of officers
2 and employees in classification grades 11 of the clerical,
3 administrative, and fiscal service, and 4 of the professional
4 service, and higher grades shall not exceed 20 per centum of
5 the total number of officers and employees paid from such
6 funds: *Provided further*, That necessary expenses of provid-
7 ing representatives of the Administration at the sites of non-
8 Federal projects in connection with the construction of such
9 non-Federal projects by public housing agencies with the
10 aid of the Administration, shall be compensated by such
11 agencies by the payment of fixed fees which in the aggre-
12 gate in relation to the development costs of such projects will
13 cover the costs of rendering such services, and expenditures
14 by the Administration for such purpose shall be considered
15 nonadministrative expenses, and funds received from such
16 payments may be used only for the payment of necessary
17 expenses of providing representatives of the Administration
18 at the sites of non-Federal projects or for administrative
19 expenses of the Administration not in excess of the amount
20 authorized by the Congress.

21 Liquidation of resettlement projects: Not to exceed
22 \$40,000 of the receipts derived from the operation of the
23 projects transferred under section 4 (b) of Reorganization
24 Plan Numbered 3 of 1947 shall be available for necessary
25 expenses in connection with and to facilitate disposition of

1 the suburban resettlement projects known as Greenbelt,
2 Greendale, and Greenhills including services in accordance
3 with section 15 of the Act of August 2, 1946 (5 U. S. C.
4 55a).

5 Defense Homes Corporation: Within thirty days after
6 the date of enactment hereof the Housing and Home
7 Finance Administrator shall transfer or cause to be trans-
8 ferred to the ~~(15) Secretary of the Treasury for cancellation~~
9 *Reconstruction Finance Corporation*, without reimbursement
10 or other consideration, all of the capital stock of Defense
11 Homes Corporation, together with the stock certificates evi-
12 dencing the ownership of such stock. All assets and liabilities
13 of every kind and nature and all records of Defense Homes
14 Corporation shall be transferred, ~~(16) within thirty days~~
15 ~~after the date of enactment hereof~~ *as of June 30, 1948*, to
16 the Reconstruction Finance Corporation, without reimburse-
17 ment or other consideration, for the purpose of liquidation
18 in an orderly manner. The Reconstruction Finance Cor-
19 poration shall proceed to liquidate the affairs of the Defense
20 Homes Corporation, including realization of the value of all
21 its assets and settlement of all its legal liabilities including
22 the existing indebtedness of Defense Homes Corporation to
23 the Reconstruction Finance Corporation. Any net proceeds
24 remaining after the payment of all obligations of Defense
25 Homes Corporation, and all administrative expenses incurred

1 in its liquidation, shall be covered into the Treasury as
2 miscellaneous receipts.

3 **(17)***Not to exceed \$3,000 of the funds available to the Hous-*
4 *ing and Home Finance Agency for expenses of travel shall*
5 *be available, when specifically authorized by the Adminis-*
6 *trator or head of the constituent agency concerned, for ex-*
7 *penses of attendance at meetings of organizations concerned*
8 *with the function or activity for which the appropriation or*
9 *authorization is made.*

10 DEPARTMENT OF AGRICULTURE

11 Federal Farm Mortgage Corporation: Not to exceed
12 \$2,000,000 (to be computed on an accrual basis) of the
13 funds of the Corporation shall be available for administra-
14 tive expenses, including employment on a contract or fee
15 basis of persons, firms, and corporations for the performance
16 of special services, including legal services, and the use of
17 the services and facilities of Federal land banks, national
18 farm loan associations, Federal Reserve banks, and agen-
19 cies of the Government as authorized by the Act of Jan-
20 uary 31, 1934 (12 U. S. C. 1020-1020h) ; and said total
21 sum shall be exclusive of interest expense, and expenses
22 in connection with the acquisition, operation, maintenance,
23 improvement, protection, or disposition of real or personal
24 property belonging to the Corporation or in which it has
25 an interest: *Provided*, That of the funds available to the

1 Corporation for administrative expenses, not to exceed
2 \$244,000 shall be available for payment to the Farm
3 Credit Administration for supervisory or other services
4 rendered: *Provided further*, That prior to June 30, 1949, not
5 less than \$68,000,000, and all additional cash funds in
6 excess of operating requirements for the fiscal year 1949,
7 shall be declared as dividends and paid into the general
8 fund of the Treasury: *Provided further*, That the aggregate
9 amount of bonds the Corporation may issue and have out
10 standing at any one time shall not exceed \$500,000,000.

11 Federal intermediate credit banks: Not to exceed
12 \$1,607,500, of which \$107,500 shall be available only for
13 liquidation of obligations incurred in the fiscal year 1948
14 (to be computed on an accrual basis), of the funds of the
15 banks shall be available for administrative expenses, includ-
16 ing the purchase of not to exceed five passenger motor
17 vehicles for replacement only, services performed for the
18 banks by other Government agencies (except services per-
19 formed by the banks for cooperatives in connection with
20 loans to cooperative associations rediscounted or pledged
21 with the Federal intermediate credit banks, and services
22 performed by any Federal Reserve bank and by the United
23 States Treasury in connection with the financial transactions
24 of the banks); and said total sum shall be exclusive of
25 interest expense, legal and special services performed on a

1 contract or fee basis, and expenses in connection with the
 2 acquisition, operation, maintenance, improvement, protec-
 3 tion, or disposition of real or personal property belonging
 4 to the banks or in which they have an interest: *Provided*,
 5 That of the funds available to the banks for administrative
 6 expenses, not to exceed ~~(18)\$373,600~~ \$223,600, of which
 7 \$80,000 shall be available only for liquidation of obligations
 8 incurred in the fiscal year 1948, shall be available for pay-
 9 ment to the Farm Credit Administration for supervisory or
 10 other services rendered.

11 Production credit corporations: Not to exceed ~~(19)\$1,-~~
 12 ~~350,000~~ \$1,500,000 (to be computed on an accrual basis)
 13 of the funds of the corporations shall be available for adminis-
 14 trative expenses, including the purchase of not to exceed three
 15 passenger motor vehicles (for replacement only), services
 16 performed for the corporations by other Government
 17 agencies; and said total sum shall be exclusive of interest ex-
 18 pense, legal and special services performed on a contract or
 19 fee basis, and expenses in connection with the acquisi-
 20 tion, operation, maintenance, improvement, protection,
 21 or disposition of real or personal property belonging
 22 to the corporations or in which they have an interest:
 23 *Provided*, That of the funds available to the corporations for
 24 administrative expenses, not to exceed \$232,000 shall be
 25 available for payment to the Farm Credit Administration

1 for supervisory or other services rendered: *Provided*, That
 2 prior to June 30, 1949, the corporations shall return Gov-
 3 ernment capital aggregating not less than ~~(20)\$60,000,000~~
 4 ~~\$20,000,000~~ to the Treasury of the United States ~~(21)to be~~
 5 ~~carried to the surplus fund and covered into the Treasury the~~
 6 *revolving fund authorized in title 12, United States Code,*
 7 *section 1311i*, and the Governor of the Farm Credit Admin-
 8 istration is authorized and directed to cancel the capital
 9 stock of the corporations in par value amount equal thereto.

10 Regional Agricultural Credit Corporation of Washington,
 11 District of Columbia: Not to exceed ~~(22)\$46,800~~ \$146,800
 12 (to be computed on an accrual basis) of the funds of the
 13 Corporation shall be available for administrative expenses,
 14 including supervision and examination by the Farm Credit
 15 Administration and services performed for the Corporation
 16 by other Government agencies; and said total sum shall
 17 be exclusive of interest expense, legal and special services
 18 performed on a contract or fee basis, and expenses in con-
 19 nection with the acquisition, operation, maintenance, im-
 20 provement, protection, or disposition of real or personal
 21 property belonging to the Corporation or in which it has
 22 an interest: *Provided*, That no other funds shall be avail-
 23 able for administrative expenses of the Corporation: *Pro-*
 24 *vided further*, That of the funds available to the Corporation
 25 for administrative expenses, not to exceed ~~(23)\$12,500~~

1 \$21,000 shall be available for payment to the Farm Credit
2 Administration for supervisory or other services rendered:
3 *Provided further*, That \$12,000 additional of the funds avail-
4 able for administrative expenses, fiscal year 1948, shall be
5 available for payment to the Farm Credit Administration for
6 supervisory or other services rendered: *Provided further*,
7 That, for the fiscal year 1949, the revolving fund in the
8 Treasury of the United States created by section 84 of the
9 Act of June 16, 1933 (12 U. S. C. 1148a), for investment
10 in any regional agricultural credit corporation shall be avail-
11 able only in the amount of \$25,000,000 (24): *Provided*
12 *further*, That notwithstanding any provisions of law to the
13 contrary, in addition to the foregoing the Corporation is
14 authorized to utilize, from the revolving fund created by
15 section 84 of the Farm Credit Act of 1933 (12 U. S. C.
16 1148a), such sums as may be necessary (a) to make loans,
17 during a period of five years, to bona fide fur farmers in
18 accordance with the provisions of section 201 (e) of the
19 Emergency Relief and Construction Act of 1932, as amended
20 (12 U. S. C. 1148), the aggregate principal amount of
21 which loans shall not exceed \$4,000,000 outstanding at any
22 one time, and (b) not to exceed \$50,000 for administrative
23 expenses of the Corporation and the Farm Credit Adminis-
24 tration in connection with such loans.

DEPARTMENT OF COMMERCE

Inland Waterways Corporation: Not to exceed \$498,800 shall be available for administrative expenses, to be determined in the manner set forth under the title "General expenses" in the Uniform System of Accounts for Carriers by Water of the Interstate Commerce Commission (effective January 1, 1947) for water operations, and in the manner set forth under the title "Operating expense accounts—general" in the Uniform System of Accounts for Steam Railroads of the Interstate Commerce Commission (issue of 1943) for railroad operations: *Provided*, That no funds shall be used to pay compensation of employees normally subject to the Classification Act of 1923, as amended, at rates in excess of rates fixed for similar services under the provisions of the Classification Act, as amended, nor to pay the compensation of vessel employees and such terminal and other employees as are not covered by the Classification Act, at rates in excess of rates prevailing in the river transportation industry in the area (25): ~~*Provided further*, That the Corporation is authorized to pay not to exceed \$3,918.48 for services actually rendered by eighteen of its former employees during the fiscal year 1947 and for which there is no present authority to pay.~~

(26) DEPARTMENT OF THE INTERIOR

VIRGIN ISLANDS COMPANY

There is hereby appropriated, out of any funds in the Treasury not otherwise appropriated, the sum of \$500,000 to the Secretary of the Treasury, to be made available by him, as a loan, to The Virgin Islands Company, upon request of the President of the Company, for the purpose of enabling the Company to continue its present operations until June 30, 1949. The loan shall bear interest at a rate to be determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of the loan to the Company.

DEPARTMENT OF JUSTICE

Federal Prison Industries, Incorporated: Not to exceed \$302,000, of which \$35,000 shall be available only for liquidation of obligations incurred in the fiscal year 1948 (to be computed on an accrual basis), of the funds of the Corporation shall be available during the fiscal year 1949 for its administrative expenses, which shall be determined in accordance with the Corporation's prescribed accounting system in effect on July 1, 1946, and shall be exclusive of depreciation, vocational training expenses, payment of claims,

1 expenditures which the said accounting system requires to
2 be capitalized or charged to cost of commodities acquired or
3 produced, including selling and shipping expenses, and ex-
4 penses in connection with acquisition, construction, opera-
5 tion, maintenance, improvement, protection, or disposition of
6 facilities and other property belonging to the Corporation or
7 in which it has an interest (27): *Provided, That funds of the*
8 *Corporation shall be available, in amounts not to exceed*
9 *\$338,000 during the fiscal year 1948 and \$380,000 during*
10 *the fiscal year 1949, for expenses of vocational training of*
11 *prisoners as authorized by the Act of May 11, 1948 (Public*
12 *Law 521), such expenses to be computed and determined*
13 *on the same basis and with the same exclusions (except voca-*
14 *tional training expenses) as provided herein with respect to*
15 *administrative expenses.*

16 DEPARTMENT OF STATE

17 The Institute of Inter-American Affairs: Not to exceed
18 \$490,000 of the funds available to the Corporation shall be
19 available during the fiscal year 1949 for its administrative
20 expenses, including administrative services performed for the
21 Corporation by other Government agencies.

22 TITLE III

23 GENERAL PROVISIONS

24 SEC. 301. Funds made available by this Act for ad-
25 ministrative expenses shall be available, in addition to objects

1 for which such funds are otherwise available, for personal
2 services and rent in the District of Columbia; printing and
3 binding; examination of budgets and estimates of appro-
4 priations in the field; travel expenses in accordance with
5 the Standardized Government Travel Regulations, the Sub-
6 sistence Expense Act of 1926, as amended (except as to
7 per diem rates outside continental United States) and the
8 Act of February 14, 1931, as amended (5 U. S. C. 73a);
9 for the objects specified under the head "General provisions"
10 in title II of the Independent Offices Appropriation Act,
11 1949, all the provisions of which title unless otherwise
12 specified in this Act, shall be applicable to the expenditure
13 of such funds; and services in accordance with section 15 of
14 the Act of August 2, 1946 (5 U. S. C. 55a): *Provided*,
15 That in the event any functions budgeted as administrative
16 expenses are subsequently transferred to or paid from other
17 funds, the limitations on administrative expenses herein pro-
18 vided shall be correspondingly reduced.

19 SEC. 302. No part of any funds of or available to any
20 wholly owned Government corporation shall be used for the
21 purchase or construction, or in making loans for the purchase
22 or construction of any office building at the seat of govern-
23 ment primarily for occupancy by any department or agency
24 of the United States Government or by any corporation
25 owned by the United States Government.

1 SEC. 303. Funds of the corporations and agencies cov-
 2 ered by the provisions of this Act shall be available for
 3 payment of claims pursuant to section 403 of the Federal
 4 Tort Claims Act (28 U. S. C. 921).

5 SEC. 304. Any funds of, or available for expenditure
 6 by, any corporation or agency included in this Act, which
 7 are not subject to audit by the General Accounting Office
 8 under the provisions of the Government Corporation Control
 9 Act (31 U. S. C. 841-869) or other law, shall be accounted
 10 for and audited in accordance with the Budget and Account-
 11 ing Act, as amended, and no such fund shall be obligated or
 12 expended unless and until an appropriate appropriation
 13 account shall have been established therefor pursuant to an
 14 appropriation warrant or a covering warrant: *Provided*, That
 15 this section shall not be so construed as to modify or repeal
 16 any provision of any other law respecting warranting, ac-
 17 counting for, and auditing of funds.

18 ~~(28) SEC. 305.~~ After the date of enactment hereof the salaries
 19 of the Governor of the Farm Credit Administration and
 20 the Housing and Home Finance Administrator shall be at
 21 the rate of \$12,000 per annum.

22 SEC. ~~(29) 306~~ 305. No part of the funds of, or available
 23 for expenditure by, any corporation or agency included in this
 24 Act shall be used to pay the salary or wages of any person
 25 who engages in a strike against the Government of the

1 United States or who is a member of an organization of
2 Government employees that asserts the right to strike against
3 the Government of the United States, or who advocates, or
4 is a member of an organization that advocates, the overthrow
5 of the Government of the United States by force or vio-
6 lence (30),—or who is a member of any labor organization the
7 officers of which have not complied with the requirements of
8 subsection (h) of section 9 of the National Labor Relations
9 Act, as amended by the Labor-Management Relations Act,
10 1947: *Provided*, That for the purposes hereof an affidavit
11 shall be considered prima facie evidence that the person mak-
12 ing the affidavit has not contrary to the provisions of this
13 section engaged in a strike against the Government
14 of the United States, is not a member of an organ-
15 ization of Government employees that asserts the right
16 to strike against the Government of the United States,
17 or that such person does not advocate, and is not a
18 member of an organization that advocates, the over-
19 throw of the Government of the United States by force
20 or violence (31),—or that such person is not a member of any
21 labor organization the officers of which have not complied
22 with the requirements of subsection (h) of section 9 of the
23 National Labor Relations Act, as amended by the Labor-
24 Management Relations Act, 1947: *Provided further*, That
25 any person who engages in a strike against the Government

1 of the United States or who is a member of an organization
 2 of Government employees that asserts the right to strike
 3 against the Government of the United States, or who ad-
 4 vocates, or who is a member of an organization that advo-
 5 cates, the overthrow of the Government of the United States
 6 by force or violence (32), ~~or who is a member of any labor~~
 7 ~~organization the officers of which have not complied with~~
 8 ~~the requirements of subsection (h) of section 9 of the~~
 9 ~~National Labor Relations Act, as amended by the Labor-~~
 10 ~~Management Relations Act, 1947,~~ and accepts employment
 11 the salary or wages for which are paid from any funds avail-
 12 able to any corporation or agency included in this Act shall
 13 be guilty of a felony, and upon conviction, shall be fined not
 14 more than \$1,000 or imprisoned for not more than one year,
 15 or both: *Provided further*, That the above penalty clause
 16 shall be in addition to, and not in substitution for, any other
 17 provisions of existing laws.

18 SEC. (33) ~~307~~ 306. This Act may be cited as "The
 19 Government Corporations Appropriation Act, 1949".

Passed the House of Representatives May 11, 1948.

Attest:

JOHN ANDREWS,

Clerk.

Passed the Senate with amendments June 15, 1948.

Attest:

CARL A. LOEFFLER,

Secretary.

80TH CONGRESS
2d Session

H. R. 6481

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 1948

Ordered to be printed with the amendments of the
Senate numbered

[PUBLIC LAW 860—80TH CONGRESS]

[CHAPTER 773—2D SESSION]

[H. R. 6481]

AN ACT

Making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1949, namely:

TENNESSEE VALLEY AUTHORITY

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U. S. C., ch. 12A), including purchase (not to exceed one, for replacement only) and hire, maintenance, repair, and operation of aircraft; the purchase (not to exceed two hundred and seventy, of which two hundred and twenty shall be for replacement only) and hire of passenger motor vehicles, \$27,389,061, to remain available until expended, and to be available for the payment of obligations chargeable against prior appropriations, together with the unobligated balance of funds heretofore appropriated, of which not to exceed \$21,689,000 shall be available for capital expenditures, including construction of dams, additions and betterments to completed multiple-use facilities, investigations for future projects, chemical facilities, and facilities and equipment for general use.

HOUSING AND HOME FINANCE AGENCY

OFFICE OF THE ADMINISTRATOR

Salaries and expenses, Office of the Administrator, \$750,000, to be available for necessary expenses of the Office of the Administrator, including the preparation, mounting, shipping, and installation of exhibits; expenses of attendance at meetings of organizations concerned with the work of the Agency when specifically authorized by the Administrator; and health service program as authorized by law (5 U. S. C. 150).

PUBLIC HOUSING ADMINISTRATION

Annual contributions: For the payment of annual contributions to public housing agencies in accordance with section 10 of the United States Housing Act of 1937, as amended (42 U. S. C. 1410), \$1,840,000: *Provided*, That except for payments required on contracts entered into prior to April 18, 1940, no part of this appropriation shall be avail-

able for payment to any public housing agency for expenditure in connection with any low-rent housing project, unless the public housing agency shall have adopted regulations prohibiting as a tenant of any such project by rental or occupancy any person other than a citizen of the United States, but such prohibition shall not be applicable in the case of a family of any serviceman or the family of any veteran who has been discharged (other than dishonorably) from, or the family of any serviceman who died in, the armed forces of the United States within four years prior to the date of application for admission to such housing: *Provided further*, That no part of this appropriation shall be used to pay any public housing agency any contribution occasioned by payments in lieu of taxes in excess of the amount specified in the original contract between such agency and the Public Housing Administration or its predecessor agencies: *Provided further*, That all expenditures of this appropriation shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended.

DEPARTMENT OF STATE

THE INSTITUTE OF INTER-AMERICAN AFFAIRS

For necessary expenses of the Institute of Inter-American Affairs in carrying out the provisions of Public Law 369, approved August 5, 1947, during the fiscal year 1949, \$2,500,000: *Provided*, That funds made available to the Corporation by this Act and under prior appropriations and not obligated by the Corporation on or before June 30, 1949, shall not be available for obligation after that date and shall lapse pursuant to section 3690 of the Revised Statutes and the Act of June 20, 1874, as amended (31 U. S. C. 712, 713).

DEPARTMENT OF AGRICULTURE

FARM CREDIT ADMINISTRATION

For necessary expenses, including personal services in the District of Columbia; printing and binding; not to exceed \$5,000 for attendance at meetings or conventions of members of organizations at which matters of importance to the work of the Farm Credit Administration are to be discussed or transacted; not to exceed \$750 for periodicals and newspapers; library membership fees or dues in organizations which issue publications to members only or to members at a lower price than to others, payment for which may be made in advance; not to exceed \$20,000 for expenditures authorized by section 602 of the Organic Act of 1944 (12 U. S. C. 833); purchase of one passenger motor vehicle (for replacement only) for use in the District of Columbia and elsewhere; garage rental in the District of Columbia; payment of actual transportation and other necessary expenses and not to exceed \$10 per diem in lieu of subsistence of persons serving, while away from their homes, without other compensation from the United States, in an advisory capacity to the Farm Credit Administration, except that such expenditures shall not exceed \$10,000; examination of corporations, banks, associations, and institutions operated, supervised, or regulated by the Farm Credit Administration; in all, \$500,000. Collections made pursuant to section 601 of the Organic Act

of 1944 (12 U. S. C. 832) are hereby made available to reimburse this appropriation for the cost of examining and supervising the corporations, banks, associations, and other organizations as provided in said section.

DEPARTMENT OF COMMERCE

Inland Waterways Corporation: For the purchase of capital stock of the Inland Waterways Corporation authorized by section 2 of the Act of June 3, 1924, as amended (49 U. S. C. 152), \$2,000,000, to remain available until expended.

REDUCTION IN APPROPRIATIONS

Amounts available from appropriations and other funds are hereby reduced in the sums hereinafter set forth, such sums to be carried to the surplus fund and covered into the Treasury upon the approval of this Act:

HOUSING AND HOME FINANCE AGENCY

Office of the Administrator: Veterans' housing: \$7,650,000 of the unobligated balances of the funds appropriated or made available for carrying out the veterans' reuse housing program under title V of the Lanham Act (Act of October 14, 1940, as amended, 42 U. S. C. 1521, 1571), of which \$4,650,000 shall be from the unobligated balances of the funds appropriated by Public Law 256, Eightieth Congress.

TITLE II

The following corporations and agencies, respectively, are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out the programs set forth in the Budget for the fiscal year 1949 for each such corporation or agency, except as hereinafter provided:

INDEPENDENT AGENCIES AND CORPORATIONS

Export-Import Bank of Washington: Not to exceed \$800,000 (to be on an accrual basis) of the funds of the Export-Import Bank of Washington shall be available during the fiscal year 1949 for all administrative expenses of the bank, including not to exceed \$300 for periodicals, \$300 for newspapers, and \$500 for maps; health-service program as authorized by law (5 U. S. C. 150), and not to exceed \$2,000 for temporary services, as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a): *Provided*, That necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the bank or in which it has an interest, including expenses of collections of pledged collateral, or the investigation or appraisal of any property in respect to which an application for a loan has been made, shall be considered as nonadministrative expenses for the purposes hereof.

Panama Railroad Company: Not to exceed \$715,000 (to be computed on an accrual basis) of the funds of the company shall be available during the fiscal year 1949 for its administrative expenses, including administrative services performed for the company by other Government agencies, which shall be determined in accordance with the company's prescribed accounting system in effect on July 1, 1946, and shall be exclusive of depreciation, payment of claims, expenses of the commissary coupon audit, commissary contraband inspection, expenditures which the company's prescribed accounting system requires to be capitalized or charged to cost of commodities acquired, and expenses in connection with acquisition, construction, operation, maintenance, improvement, protection, and disposition of facilities and other property belonging to the company or in which it has an interest: *Provided*, That prior to July 31, 1948, the Board of Directors shall declare and pay into the Treasury of the United States as miscellaneous receipts a dividend of \$10,000,000 if not otherwise required to be turned into the Treasury under the provisions of the proposed Federal charter: *Provided further*, That section 304 (b) of the Government Corporation Control Act, as amended (Public Law 248, approved December 6, 1945), shall not be applicable with respect to the Panama Railroad Company until after June 30, 1949.

Tennessee Valley Associated Cooperatives, Incorporated: Of the funds available to the Corporation, not to exceed \$500 shall be available for administrative expenses related to liquidation and dissolution, and not to exceed \$500 for the cost of audit, as required by the Government Corporation Control Act of December 6, 1945 (Public Law 248): *Provided*, That all administrative duties and responsibilities shall be assumed by such officers and employees of the Treasury Department as the Secretary of the Treasury may designate, and who shall receive no additional compensation for such duties: *Provided further*, That the Secretary of the Treasury shall take appropriate steps to secure the final dissolution and liquidation of said Corporation at the earliest practicable date: *Provided further*, That the total cost of liquidation and dissolution shall be paid out of funds available to the Corporation without additional appropriations therefor: *Provided further*, That the Board of Directors of the Corporation is authorized to transfer to the Secretary of the Treasury title to assets (other than real property) of the Corporation upon certification of the president of the Corporation that such transfer is to the interest of the Government of the United States and the Secretary of the Treasury is authorized to dispose of such assets at such times and in such manner as he may determine.

Tennessee Valley Authority: Pursuant to the requirements applicable to the Tennessee Valley Authority of title II, Public Law 268, approved July 30, 1947, total payments of not less than \$5,500,000 shall be made in the fiscal year 1949 from net income derived from power operations.

Not to exceed \$3,677,000, of which not to exceed \$992,061 shall be derived from funds appropriated by title I hereof (to be computed on an accrual basis), of the funds available to the Tennessee Valley Authority, shall be available during the fiscal year 1949 for all administrative and general expenses of the Corporation, which expenses shall be inclusive of costs of all administrative offices and other

activities representing management and other functions serving the programs and projects of the Corporation in general.

Reconstruction Finance Corporation: Not to exceed \$24,796,000 (to be computed on an accrual basis) of the funds of the Reconstruction Finance Corporation shall be available during the fiscal year 1949 for its administrative expenses and the administrative expenses of the Federal National Mortgage Association; not to exceed \$1,500 for periodicals and newspapers; health service program as authorized by law (5 U. S. C. 150); use of the services and facilities of the Federal Reserve banks: *Provided*, That as used herein the term "administrative expenses" shall be construed to include all salaries and wages, services performed on a contract or fee basis, and travel and other expenses, including the purchases of equipment and supplies, of administrative offices: *Provided further*, That the limiting amount heretofore stated for administrative expenses shall be increased by an amount which does not exceed the aggregate cost of salaries, wages, travel, and other expenses of persons employed outside the continental United States; wages, fees, and other expenses, including cost of contract services, of persons who are exclusively engaged in construction, operation, clearance, maintenance and protection of plants, operating facilities, acquired collateral, and other property in which the Corporation has an interest; the expenses of services performed on a contract or fee basis in connection with termination of contracts or in the performance of legal services; and all expenses reimbursable from other Government agencies: *Provided further*, That the distribution of administrative expenses to the accounts of the Corporation shall be made in accordance with generally recognized accounting principles and practices: *Provided further*, That, except as otherwise provided hereinafter, none of the funds of the Reconstruction Finance Corporation and its subsidiary shall be used for the custody, maintenance, or disposal of any surplus property within the continental limits of the United States, its Territories or possessions, except such property as may be owned by and held for disposal by the Reconstruction Finance Corporation or its subsidiary; but, notwithstanding any other provision of law, the Reconstruction Finance Corporation may waive reimbursement from War Assets Administration for the administrative property transferred prior to July 1, 1946, and for expenses incurred prior thereto in the custody, maintenance, or disposal of any surplus property: *Provided further*, That no part of the funds of the Reconstruction Finance Corporation or of its subsidiary shall be used to make any purchase or for personal services or to enter into any contract for the use or benefit of any other agency of the Government unless such agency shall have authority in law and appropriations available to make reimbursement for such purchase, personal services, or contract, except that this provision shall not apply to expenditures in connection with materials, surplus to the needs of the Corporation, which have been or hereafter shall be transferred to stock piles established pursuant to the Strategic and Critical Materials Stock Piling Act (60 Stat. 599): *Provided further*, That the Secretary of the Treasury is hereby authorized and directed to cancel notes of the Reconstruction Finance Corporation in the amount of \$9,313,736,531, plus the interest accrued thereon subsequent to June 30, 1947, the foregoing stated amount representing

unrecovered costs to the Corporation as of June 30, 1947, in its national defense, war, and reconversion activities, and any amounts recovered by the Corporation with respect to these activities subsequent to June 30, 1947, shall, after deduction of related expenses, be deposited in the Treasury as miscellaneous receipts: *Provided further*, That, notwithstanding the provisions of section 6 (b) of the Strategic and Critical Materials Stock Piling Act (60 Stat. 599), the Secretary of the Treasury shall cancel notes of the Reconstruction Finance Corporation on account of the transfer of materials to stock piles in an amount equivalent only to the costs incurred by the Corporation subsequent to June 30, 1947, for handling, storing, processing, and transporting such materials, as determined and certified by the Corporation from its accounting records.

HOUSING AND HOME FINANCE AGENCY

Home Loan Bank Board: Not to exceed a total of \$1,800,000, of which \$1,340,000 shall be available exclusively for necessary expenses in connection with the making of supervisory or other examinations (except examinations of Federal home loan banks) including the provision of services and facilities therefor, to be derived from the special deposit account established under the provisions under the head "Federal Home Loan Bank Administration" in the Independent Offices Appropriation Act, 1944, and from receipts of the Federal Home Loan Bank Administration, the Federal Home Loan Bank Board, or the Home Loan Bank Board for the fiscal year 1949 and prior fiscal years, shall be available during the fiscal year 1949 for administrative expenses of the Home Loan Bank Board, including health-service program as authorized by law (5 U. S. C. 150), and the Board may utilize and may make payment for services and facilities of the Federal home-loan banks, the Federal Reserve banks, the Federal Savings and Loan Insurance Corporation, the Home Owners' Loan Corporation, and other agencies of the Government: *Provided*, That all necessary expenses in connection with the conservatorship of institutions insured by the Federal Savings and Loan Insurance Corporation and all necessary expenses (including services performed on a contract or fee basis, but not including other personal services) in connection with the handling, including the purchase, sale, and exchange, of securities on behalf of Federal home-loan banks, and the sale, issuance, and retirement of, or payment of interest on, debentures or bonds, under the Federal Home Loan Bank Act, as amended, shall be considered as nonadministrative expenses for the purposes hereof: *Provided further*, That notwithstanding any other provisions of this Act, except for the limitation in amount hereinbefore specified, the administrative expenses and other obligations of the Board shall be incurred, allowed, and paid in accordance with the provisions of the Federal Home Loan Bank Act of July 22, 1932, as amended (12 U. S. C. 1421-1449).

Federal Savings and Loan Insurance Corporation: Not to exceed \$600,000 shall be available for administrative expenses, including health-service program as authorized by law (5 U. S. C. 150), which shall be on an accrual basis and shall be exclusive of interest paid, depreciation, properly capitalized expenditures, expenses in connection with liquidation of insured institutions, liquidation or handling of assets of or derived from insured institutions, payment of insur-

ance, and action for or toward the avoidance, termination, or minimizing of losses in the case of specific insured institutions, and legal fees and expenses, and said Corporation may utilize and may make payment for services and facilities of the Federal home-loan banks, the Federal Reserve banks, the Home Loan Bank Board, the Home Owners' Loan Corporation, and other agencies of the Government: *Provided*, That notwithstanding any other provisions of this Act, except for the limitation in amount hereinbefore specified, the administrative expenses and other obligations of said Corporation shall be incurred, allowed, and paid in accordance with title IV of the Act of June 27, 1934, as amended (12 U. S. C. 1724-1730).

Home Owners' Loan Corporation: Not to exceed \$2,300,000 shall be available for administrative expenses, including health-service program as authorized by law (5 U. S. C. 150), which shall be on an accrual basis and shall be exclusive of interest paid, depreciation, properly capitalized expenditures, expenses (including services performed on a force account, contract, or fee basis, but not including other personal services) in connection with the acquisition, protection, operation, maintenance, improvement, or disposition of real or personal property belonging to said Corporation or in which it has an interest, and legal fees and expenses, and said Corporation may utilize and may make payment for services and facilities of the Federal home-loan banks, the Federal Reserve banks, the Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and other agencies of the Government: *Provided*, That, notwithstanding any other provisions of this Act, except for the limitation in amount hereinbefore specified, the administrative expenses and other obligations of said Corporation shall be incurred, allowed, and paid in accordance with the Home Owners' Loan Act of 1933, as amended (12 U. S. C. 1461-1468): *Provided*, That all right, title, and interest of the Home Owners' Loan Corporation in the capital stock of the Federal Savings and Loan Insurance Corporation is hereby transferred to the Secretary of the Treasury and the Secretary of the Treasury is authorized and directed to cancel bonds of the Home Owners' Loan Corporation in an amount equal to the par value of the stock of the Federal Savings and Loan Insurance Corporation so transferred, plus accrued dividends thereon which, notwithstanding any other provision of law, shall be computed at a rate approximating the average interest cost incurred by the Home Owners' Loan Corporation on its total borrowings during each respective fiscal year: *Provided further*, That not to exceed \$5,000 of the funds of said Corporation shall be available until June 30, 1952, for the payment of such expenses as the Chairman of the Home Loan Bank Board or his designee or designees may find necessary for winding up the affairs and effecting the dissolution of the United States Housing Corporation and the United States Housing Corporation of Pennsylvania.

Federal Housing Administration: In addition to the amounts available by or pursuant to law (which shall be transferred to this authorization) for the administrative expenses of the Federal Housing Administration in carrying out duties imposed by or pursuant to law, not to exceed \$19,000,000 of the various funds of the Federal Housing Administration as follows: (1) The mutual mortgage insurance fund; (2) the housing insurance fund; (3) the account in the Treasury comprised of funds derived from premiums collected under

authority of section 2 (f), title I of the National Housing Act, as amended (12 U. S. C. 1701); and (4) the war housing insurance fund shall be available for expenditure, in accordance with the provisions of said Act for the administrative expenses of the Federal Housing Administration, including not to exceed \$1,500 for periodicals and newspapers; not to exceed \$1,500 for contract actuarial services; and health-service program as authorized by law (5 U. S. C. 150): *Provided*, That necessary expenses of the Administration (including services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, protection, completion, operation, maintenance, improvement, or disposition of real or personal property of the Administration acquired under authority of titles I, II, and VI of said National Housing Act, shall be considered as nonadministrative for the purposes hereof: *Provided further*, That, except as herein otherwise provided, the administrative expenses and other obligations, including nonadministrative expenses, of the Administration shall be incurred, allowed, and paid in accordance with the provisions of said Act of June 27, 1934, as amended (12 U. S. C. 1701).

Public Housing Administration: Of the amounts available by or pursuant to law for the administrative expenses of the Public Housing Administration in carrying out duties imposed by or pursuant to law including not to exceed \$2,500,000 of the funds available for administrative expenses for the United States Housing Act program (all of which are hereby merged into a single administrative expense account), not to exceed \$9,500,000 shall be available for such expenses subject to the provisions of section 6 (b) of the Act of September 1, 1937, as amended, 42 U. S. C. 1406 (b), including health-service program as authorized by law (5 U. S. C. 150): *Provided*, That the number of officers and employees in classification grades 11 of the clerical, administrative, and fiscal service, and 4 of the professional service, and higher grades shall not exceed 20 per centum of the total number of officers and employees paid from such funds: *Provided further*, That necessary expenses of providing representatives of the Administration at the sites of non-Federal projects in connection with the construction of such non-Federal projects by public housing agencies with the aid of the Administration, shall be compensated by such agencies by the payment of fixed fees which in the aggregate in relation to the development costs of such projects will cover the costs of rendering such services, and expenditures by the Administration for such purpose shall be considered nonadministrative expenses, and funds received from such payments may be used only for the payment of necessary expenses of providing representatives of the Administration at the sites of non-Federal projects or for administrative expenses of the Administration not in excess of the amount authorized by the Congress.

Liquidation of resettlement projects: Not to exceed \$40,000 of the receipts derived from the operation of the projects transferred under section 4 (b) of Reorganization Plan Numbered 3 of 1947 shall be available for necessary expenses in connection with and to facilitate disposition of the suburban resettlement projects known as Greenbelt, Greendale, and Greenhills including services in accordance with section 15 of the Act of August 2, 1946 (5 U. S. C. 55a).

Defense Homes Corporation: Within thirty days after the date of enactment hereof the Housing and Home Finance Administrator shall

transfer or cause to be transferred to the Reconstruction Finance Corporation, without reimbursement or other consideration, all of the capital stock of Defense Homes Corporation, together with the stock certificates evidencing the ownership of such stock. All assets and liabilities of every kind and nature and all records of Defense Homes Corporation shall be transferred, not later than July 30, 1948, as of June 30, 1948 (the corporate records for the fiscal year 1948 to be closed by Defense Homes Corporation prior to actual transfer thereof), to the Reconstruction Finance Corporation, without reimbursement or other consideration, for the purpose of liquidation in an orderly manner. The Reconstruction Finance Corporation shall proceed to liquidate the affairs of the Defense Homes Corporation, including realization of the value of all its assets and settlement of all its legal liabilities including the existing indebtedness of Defense Homes Corporation to the Reconstruction Finance Corporation. Any net proceeds remaining after the payment of all obligations of Defense Homes Corporation, and all administrative expenses incurred in its liquidation, shall be covered into the Treasury as miscellaneous receipts.

Not to exceed \$3,000 of the funds available to the Housing and Home Finance Agency for expenses of travel shall be available, when specifically authorized by the Administrator or head of the constituent agency concerned, for expenses of attendance at meetings of organizations concerned with the function or activity for which the appropriation or authorization is made.

DEPARTMENT OF AGRICULTURE

Federal Farm Mortgage Corporation: Not to exceed \$2,000,000 (to be computed on an accrual basis) of the funds of the Corporation shall be available for administrative expenses, including employment on a contract or fee basis of persons, firms, and corporations for the performance of special services, including legal services, and the use of the services and facilities of Federal land banks, national farm loan associations, Federal Reserve banks, and agencies of the Government as authorized by the Act of January 31, 1934 (12 U. S. C. 1020-1020h); and said total sum shall be exclusive of interest expense, and expenses in connection with the acquisition, operation, maintenance, improvement, protection, or disposition of real or personal property belonging to the Corporation or in which it has an interest: *Provided*, That of the funds available to the Corporation for administrative expenses, not to exceed \$244,000 shall be available for payment to the Farm Credit Administration for supervisory or other services rendered: *Provided further*, That prior to June 30, 1949, not less than \$68,000,000, and all additional cash funds in excess of operating requirements for the fiscal year 1949, shall be declared as dividends and paid into the general fund of the Treasury: *Provided further*, That the aggregate amount of bonds the Corporation may issue and have outstanding at any one time shall not exceed \$500,000,000.

Federal intermediate credit banks: Not to exceed \$1,607,500, of which \$107,500 shall be available only for liquidation of obligations incurred in the fiscal year 1948 (to be computed on an accrual basis), of the funds of the banks shall be available for administrative expenses, including the purchase of not to exceed five passenger motor vehicles for replacement only, services performed for the banks by other Gov-

ernment agencies (except services performed by the banks for cooperatives in connection with loans to cooperative associations rediscouted or pledged with the Federal intermediate credit banks, and services performed by any Federal Reserve bank and by the United States Treasury in connection with the financial transactions of the banks); and said total sum shall be exclusive of interest expense, legal and special services performed on a contract or fee basis, and expenses in connection with the acquisition, operation, maintenance, improvement, protection, or disposition of real or personal property belonging to the banks or in which they have an interest: *Provided*, That of the funds available to the banks for administrative expenses, not to exceed \$330,000, of which \$80,000 shall be available only for liquidation of obligations incurred in the fiscal year 1948, shall be available for payment to the Farm Credit Administration for supervisory or other services rendered.

Production credit corporations: Not to exceed \$1,500,000 (to be computed on an accrual basis) of the funds of the corporations shall be available for administrative expenses, including the purchase of not to exceed three passenger motor vehicles (for replacement only), services performed for the corporations by other Government agencies; and said total sum shall be exclusive of interest expense, legal and special services performed on a contract or fee basis, and expenses in connection with the acquisition, operation, maintenance, improvement, protection, or disposition of real or personal property belonging to the corporations or in which they have an interest: *Provided*, That of the funds available to the corporations for administrative expenses, not to exceed \$232,000 shall be available for payment to the Farm Credit Administration for supervisory or other services rendered: *Provided*, That prior to June 30, 1949, the corporations shall return Government capital aggregating not less than \$30,000,000 to the Treasury of the United States to be carried to the surplus fund and covered into the Treasury, and the Governor of the Farm Credit Administration is authorized and directed to cancel the capital stock of the corporations in par value amount equal thereto.

Regional Agricultural Credit Corporation of Washington, District of Columbia: Not to exceed \$146,800 (to be computed on an accrual basis) of the funds of the Corporation shall be available for administrative expenses, including supervision and examination by the Farm Credit Administration and services performed for the Corporation by other Government agencies; and said total sum shall be exclusive of interest expense, legal and special services performed on a contract or fee basis, and expenses in connection with the acquisition, operation, maintenance, improvement, protection, or disposition of real or personal property belonging to the Corporation or in which it has an interest: *Provided*, That no other funds shall be available for administrative expenses of the Corporation: *Provided further*, That of the funds available to the Corporation for administrative expenses, not to exceed \$21,000 shall be available for payment to the Farm Credit Administration for supervisory or other services rendered: *Provided further*, That \$12,000 additional of the funds available for administrative expenses, fiscal year 1948, shall be available for payment to the Farm Credit Administration for supervisory or other services rendered: *Provided further*, That for the fiscal year

1949, the revolving fund in the Treasury of the United States created by section 84 of the Act of June 16, 1933 (12 U. S. C. 1148a), for investment in any regional agricultural credit corporation shall be available only in the amount of \$25,000,000: *Provided further*, That notwithstanding any provisions of law to the contrary, in addition to the foregoing the Corporation is authorized to utilize, from the revolving fund created by section 84 of the Farm Credit Act of 1933 (12 U. S. C. 1148a), such sums as may be necessary (a) to make loans, during a period of five years, to bona fide fur farmers in accordance with the provisions of section 201 (e) of the Emergency Relief and Construction Act of 1932, as amended (12 U. S. C. 1148), all such loans to carry full personal liability of the borrowers and to be secured by such collateral as is deemed by the Corporation to be necessary to afford reasonable assurance of repayment, the aggregate principal amount of which loans shall not exceed \$4,000,000 outstanding at any one time, and (b) not to exceed \$25,000 for administrative expenses of the Corporation and the Farm Credit Administration in connection with such loans, which amount and the aforesaid item of \$146,800 may be combined for accounting purposes.

DEPARTMENT OF COMMERCE

Inland Waterways Corporation: Not to exceed \$498,800 shall be available for administrative expenses, to be determined in the manner set forth under the title "General expenses" in the Uniform System of Accounts for Carriers by Water of the Interstate Commerce Commission (effective January 1, 1947) for water operations, and in the manner set forth under the title "Operating expense accounts—general" in the Uniform System of Accounts for Steam Railroads of the Interstate Commerce Commission (issue of 1943) for railroad operations: *Provided*, That no funds shall be used to pay compensation of employees normally subject to the Classification Act of 1923, as amended, at rates in excess of rates fixed for similar services under the provisions of the Classification Act, as amended, nor to pay the compensation of vessel employees and such terminal and other employees as are not covered by the Classification Act, at rates in excess of rates prevailing in the river transportation industry in the area: *Provided further*, That the Corporation is authorized to pay not to exceed \$1,482.90 for services actually rendered by former employees during the fiscal year 1947 and for which there is no present authority to pay, as follows: L. Brown, \$120.06; W. Finch, \$140.11; J. Johnson, \$116.16; S. Jones, \$86.31; R. Neely, \$148.71; G. Sanders, \$103.19; N. L. Sanders, \$123.82; G. Walker, \$130.78; W. Winfield, \$183.37; W. Scruggs, \$153.60; E. Donley, \$102.68; H. Thomas, \$74.11.

DEPARTMENT OF THE INTERIOR

VIRGIN ISLANDS COMPANY

Section 304 (b) of the Government Corporation Control Act, as amended (Public Law 248, approved December 6, 1945), shall not be applicable with respect to the Virgin Islands Company until after June 30, 1949.

The Virgin Islands Company is authorized to borrow from the Treasury of the United States not to exceed \$500,000, for which pur-

pose there is hereby appropriated out of any money in the Treasury not otherwise appropriated \$500,000. The Secretary of the Treasury is authorized to make such loans to the Company for repayment not later than one year after the making thereof, at rates of interest determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of any such loan to the Company.

Not to exceed \$97,880 of the funds available to the Company shall be available for administrative expenses (to be computed on an accrual basis), including salaries of officers, Washington office personnel, and the accounting, purchasing, and pay-roll departments; clerical services; traveling, automobile, office, and sundries expenses; stationery and office supplies; telephone and telegraph; postage; dues and subscriptions; repairs and maintenance of office buildings and equipment; employees' welfare; and public relations: *Provided*, That such total sum shall be inclusive of the gross amounts of the foregoing categories of expenses before apportionment of any part thereof to manufacturing or other expenses: *Provided further*, That such administrative expenses shall be exclusive of salaries of the engineering and shipping departments, storekeepers, and plant clerical personnel; interest expenses; bank service charges; audit fees; and depreciation.

DEPARTMENT OF JUSTICE

Federal Prison Industries, Incorporated: Not to exceed \$302,000, of which \$35,000 shall be available only for liquidation of obligations incurred in the fiscal year 1948 (to be computed on an accrual basis), of the funds of the Corporation shall be available during the fiscal year 1949 for its administrative expenses, which shall be determined in accordance with the Corporation's prescribed accounting system in effect on July 1, 1946, and shall be exclusive of depreciation, vocational training expenses, payment of claims, expenditures which the said accounting system requires to be capitalized or charged to cost of commodities acquired or produced, including selling and shipping expenses, and expenses in connection with acquisition, construction, operation, maintenance, improvement, protection, or disposition of facilities and other property belonging to the Corporation or in which it has an interest: *Provided*, That funds of the Corporation shall be available, in amounts not to exceed \$338,000 during the fiscal year 1948 and \$380,000 during the fiscal year 1949, for expenses of vocational training of prisoners as authorized by the Act of May 11, 1948 (Public Law 521), such expenses to be computed and determined on the same basis and with the same exclusions (except vocational training expenses) as provided herein with respect to administrative expenses.

DEPARTMENT OF STATE

The Institute of Inter-American Affairs: Not to exceed \$490,000 of the funds available to the Corporation shall be available during the fiscal year 1949 for its administrative expenses, including administrative services performed for the Corporation by other Government agencies.

TITLE III

GENERAL PROVISIONS

SEC. 301. Funds made available by this Act for administrative expenses shall be available, in addition to objects for which such funds are otherwise available, for personal services and rent in the District of Columbia; printing and binding; examination of budgets and estimates of appropriations in the field; travel expenses in accordance with the Standardized Government Travel Regulations, the Subsistence Expense Act of 1926, as amended (except as to per diem rates outside continental United States) and the Act of February 14, 1931, as amended (5 U. S. C. 73a); for the objects specified under the head "General provisions" in title II of the Independent Offices Appropriation Act, 1949, all the provisions of which title unless otherwise specified in this Act, shall be applicable to the expenditure of such funds; and services in accordance with section 15 of the Act of August 2, 1946 (5 U. S. C. 55a): *Provided*, That in the event any functions budgeted as administrative expenses are subsequently transferred to or paid from other funds, the limitations on administrative expenses herein provided shall be correspondingly reduced.

SEC. 302. No part of any funds of or available to any wholly owned Government corporation shall be used for the purchase or construction, or in making loans for the purchase or construction of any office building at the seat of government primarily for occupancy by any department or agency of the United States Government or by any corporation owned by the United States Government.

SEC. 303. Funds of the corporations and agencies covered by the provisions of this Act shall be available for payment of claims pursuant to section 403 of the Federal Tort Claims Act (28 U. S. C. 921).

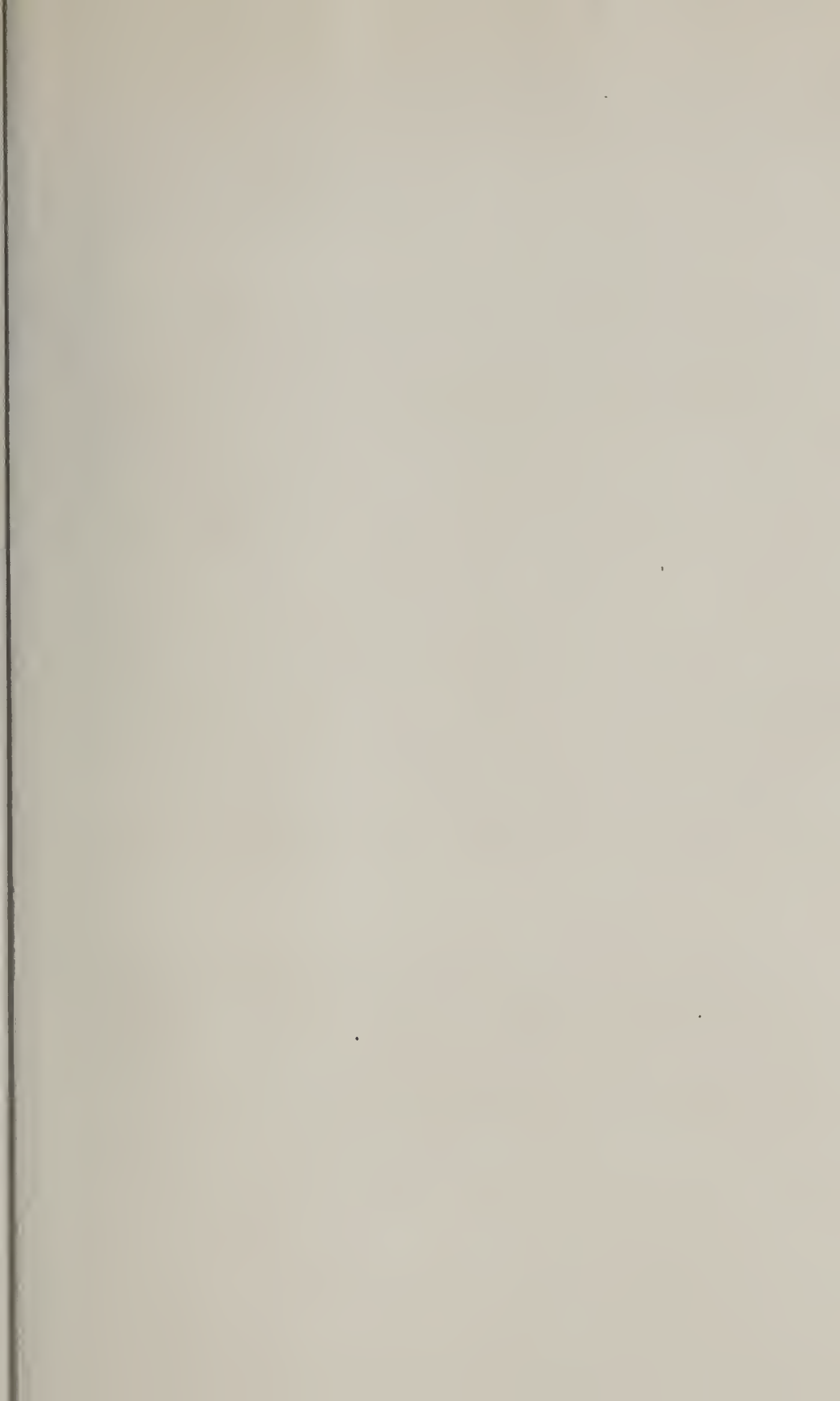
SEC. 304. Any funds of, or available for expenditure by, any corporation or agency included in this Act, which are not subject to audit by the General Accounting Office under the provisions of the Government Corporation Control Act (31 U. S. C. 841-869) or other law, shall be accounted for and audited in accordance with the Budget and Accounting Act, as amended, and no such fund shall be obligated or expended unless and until an appropriate appropriation account shall have been established therefor pursuant to an appropriation warrant or a covering warrant: *Provided*, That this section shall not be so construed as to modify or repeal any provision of any other law respecting warranting, accounting for, and auditing of funds.

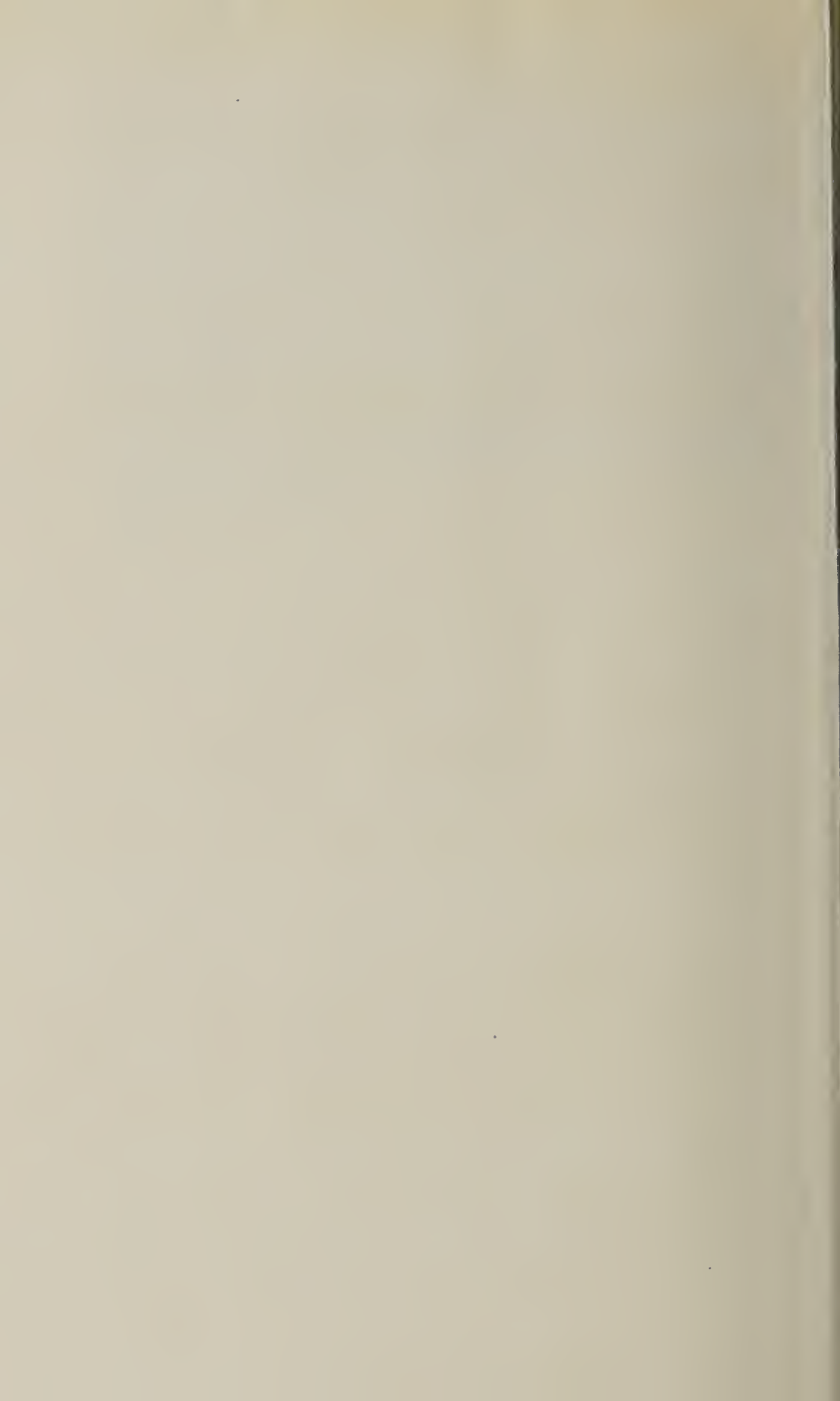
SEC. 305. No part of the funds of, or available for expenditure by, any corporation or agency included in this Act shall be used to pay the salary or wages of any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization

of Government employees that asserts the right to strike against the Government of the United States, or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any funds available to any corporation or agency included in this Act shall be guilty of a felony, and upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing laws.

SEC. 306. This Act may be cited as "The Government Corporations Appropriation Act, 1949."

Approved June 30, 1948.





DIGEST OF CONGRESSIONAL PROCEEDINGS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
Division of Legislative Reports
(For Department staff only)

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HIGHLIGHTS: House passed 2nd deficiency appropriation bill; same as reported so far as USDA items are concerned; rejected Mahon amendment to increase REA. Senate debated long-range farm program bill; adopted several amendments to committee substitute, including one continuing CCC. Senate passed bill authorizing certain carrier rate agreements, over President's veto. Senate agreed to conference report on omnibus flood-control bill. Senate committee reported bill authorizing Secretary of Defense to coordinate Federal activities in disaster areas. House passed Forest Service fiscal omnibus bill.

HOUSE

- 1. SECOND DEFICIENCY APPROPRIATION BILL.** Passed with amendments this bill, H. R. 6935 (pp. 8637-49). Rejected, 93-137, an amendment by Rep. Mahon, Tex., to provide \$450,000 additional for 1949 administrative expenses of REA (pp. 8645-7). Rejected, 199-204, a motion by Rep. Mahon to recommit the bill with instructions for the Appropriations Committee to report it with this amendment (pp. 8648-9). Earlier an amendment by Rep. Mahon to appropriate this \$450,000, with a provision that it would be available until expended, was ruled out of order (p. 8645).
- 2. WATER POLLUTION.** House conferees were appointed on S. 418, the water-pollution bill (p. 8634).
- 3. PAY RAISE.** Rep. Harris, Ark., spoke in favor of a pay raise for Federal employees (pp. 8635-6).
- 4. NAVAL APPROPRIATION BILL.** House conferees were appointed on this bill, H. R. 6772 (p. 8636).
- 5. GOVERNMENT CORPORATIONS APPROPRIATION BILL.** Reps. Ploeser, Jensen, Coudert, Clevenger, Mahon, Whitten, and Gore were appointed conferees on this bill, H. R. 6481 (p. 8636).
- 6. FOOD AND DRUG ADMINISTRATION.** House conferees were appointed on H. R. 4071, to

increase the authority of this agency to condemn foods, etc. (pp. 8636-7).

7. SUPPLEMENTAL FEDERAL SECURITY AGENCY APPROPRIATION BILL. Passed this bill, H. R. 6355, over the President's veto by a 238-161 vote (pp. 8649-50). The Senate passed the bill over the veto, 72-17 (pp. 8610-12). The bill thus becomes law. It includes a provision which transfers the U. S. Employment Service from the Labor Department to the Federal Security Agency.
8. DISPLACED PERSONS. Received the conference report on H. R. 3566, to permit entry of displaced persons into the U. S., part of whom would be for agricultural work (p. 8653).
9. FOREIGN AID APPROPRIATION BILL. Reps. Taber, Wigglesworth, Engel of Mich., Stefan, Case of S. Dak., Keefe, Cannon, Kerr, and Mahon were appointed conferees on this bill, H. R. 6801 (pp. 8653-4).
10. FUR LABELING. H. R. 3734, to require fur labeling, was stricken from the consent calendar on objections of Reps. Van Zandt, Laroche, and Boggs of Del. (p. 8655).
11. TOBACCO PARITY. H. R. 5111, to change the base period for Md. tobacco, was discussed but objected to by Reps. Murray of Wis., Andersen, and Miller of Nebr., and thus was stricken from the consent calendar (p. 8655).
12. TRAVEL SERVICE. Passed with amendment H. R. 6136, to create a United States Travel Bureau in the Interior Department to encourage travel in the U. S. (p. 8662).
13. HOMESTEADS. Passed as reported H. R. 5555, which makes various amendments to the Small Tract Act of 1938, providing for purchase of public lands for home and other sites (p. 8662).
14. FOREST SERVICE FISCAL OMNIBUS BILL. Passed with amendments this bill, H. R. 2028, to facilitate and simplify the work of the Forest Service (pp. 8663-5).
15. ASSISTANT SECRETARIES. Passed without amendment H. R. 6822, to continue the authorization for two additional Assistant Secretaries of State (p. 8665).
16. FOREST LAND. Passed without amendment H. R. 5861, to transfer 480 acres of land in the Ouachita National Forest to Okla. (p. 8669).
17. RURAL ELECTRIFICATION. Passed without amendment S. 1087, to permit 3 cities, in Ala. and Tenn., to refinance indebtedness to TVA through REA loans (p. 8669). This bill will now be sent to the President.
18. OLEOMARGARINE. H. R. 6334, to authorize use of oleo in the armed forces, was stricken from the consent calendar on objections of Reps. Andersen, Hull, Smith of Wis., Murray of Wis., and Clevenger (p. 8670).
19. CIVIL-SERVICE RETIREMENT. Passed without amendment H. R. 6641, to provide annuities for certain surviving spouses of annuitants retired prior to Apr. 1, 1948 (p. 8671).
Passed as reported H. R. 5715, to extend retirement benefits to employees who were involuntarily separated during the period from July 1, 1945, to July 1, 1947, after having rendered 25 years of service but prior to attainment of age 55 (p. 8673).

any date of rank thereof as of July 16, 1945, which date commemorates the first explosion by man of an atomic bomb, at the Trinity site, Alamogordo, N. Mex. Such advancement in grade and rank on the retired list, however, shall not result in any increase in retired pay.

Sec. 3. This act shall result in no permanent increase in the authorized number of major generals on the active list of the Regular Army.

The bill was ordered to be read a third time, was read the third time, and passed.

A similar House bill, H. R. 5596, was laid on the table.

A motion to reconsider was laid on the table.

SURPLUS PROPERTY ACT OF 1944

Mr. WADSWORTH submitted the following conference report and statement on the bill (H. R. 2239) to amend section 13 (a) of the Surplus Property Act, as amended:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2239) to amend section 13 (a) of the Surplus Property Act of 1944, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 5.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, and 4, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In line 2 of said Senate engrossed amendment, after the word "certified" insert "by the Governor of the State in which the property is situated and"; and the Senate agree to the same.

JAMES W. WADSWORTH,
MELVIN C. SNYDER,
CARTER MANASCO,

Managers on the Part of the House.

HOMER FERGUSON,
EDWARD J. THYE,
JOHN L. MCCLELLAN,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2239) to amend section 13 (a) of the Surplus Property Act of 1944, as amended, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Amendments Nos. 1, 2, and 4 may be regarded as perfecting in that they do not make any change in the intent of legislation. Upon this ground the House conferees have receded from its disagreements.

With respect to amendment No. 3, the House conferees have agreed to the same with amendment, the purpose of which is to make sure that the Governor of a State, in which the property referred to in this bill is situated, shall be consulted with respect to the transfer of that property to the State and that the transfer shall be conditioned upon his request for it.

The Senate receded from its amendment No. 5. That amendment, were it to remain in the act, would have excluded from the terms of the act a certain single county in the State of West Virginia. The House conferees contended that an exclusion of this

sort inserted in an act, having general application the country over, would be contrary to wise legislative policy.

JAMES W. WADSWORTH,
MELVIN C. SNYDER,
CARTER MANASCO,

Managers on the Part of the House.

Mr. WADSWORTH. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill H. R. 2239.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. RANKIN. Mr. Speaker, reserving the right to object, I do not see the ranking minority members of the committee present and I do not know whether they have been consulted or what their attitude on the proposal is.

Mr. Speaker, I make the point of order there is not a quorum present. I think the Members ought to be here if we are going to transact business of this importance.

Mr. WADSWORTH. Mr. Speaker, I withdraw my request for the time being.

EXTENSION OF REMARKS

Mr. COUDERT asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances and include newspaper articles.

CALL OF THE HOUSE

Mr. RANKIN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 108]

Andresen	Grant, Ala.	Lusk
August H.	Hall	McMahon
Bell	Edwin Arthur	Miller, Calif.
Bland	Hart	Mundt
Brown, Ohio	Hartley	O'Toole
Buffett	Hébert	Peden
Carroll	Hedrick	Price, Fla.
Celler	Hendricks	Reed, Ill.
Chadwick	Herter	Regan
Chelf	Hinshaw	Robertson
Chipfield	Jenkins, Ohio	Sabath
Clark	Jensen	Sarbacher
Clippinger	Johnson, Ill.	Scoblick
Cole, Kans.	Johnson, Ind.	Scott, Hardie
Cox	Johnson, Okla.	Simpson, Pa.
Crosser	Johnson, Tex.	Smith, Maine
Cunningham	Kee	Stigler
Dawson, Ill.	Kefauver	Stockman
Dingell	King	Thomas, N. J.
Fellows	Kirwan	West
Gallagher	Lane	Wolcott
Gossett	Ludlow	

The SPEAKER. On this roll call 363 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF REMARKS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein some telegrams, a speech of Mrs. Roosevelt, Attorney General Clark, a letter from Chaim Weitzmann, and a speech I made at the testimonial dinner given to our distinguished colleague from New York [Mr. Bloom], and Mr. Speaker,

if this extension exceeds the two pages of the RECORD allowed, I ask that it be printed notwithstanding the cost.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. HARRIS asked and was given permission to extend his remarks at this point in the RECORD on the subject of postal and other Federal employees' pay increases.

POSTAL AND OTHER FEDERAL EMPLOYEES' PAY INCREASE

Mr. HARRIS. Mr. Speaker, yesterday an effort was made by our minority leader the gentleman from Texas [Mr. RAYBURN] to obtain information from the majority as to what legislation the House would have an opportunity to consider during the week in view of the adjournment of Congress Saturday.

Little satisfaction was given to the membership of the House as to just what legislation we would have an opportunity to consider and pass on before the Congress adjourns. It is recognized that there are many important bills pending before this House that have been voted out by various committees. It is recognized that many highly important bills to the welfare of the people are not going to be considered before we adjourn the Congress. The leadership of the Republican Party must assume the responsibility for this inaction.

In view of the fact that there are so many highly important problems pending that will likely not be considered, I think this Congress should return after the conventions and complete its work.

However, since at this point it is evidently determined that we will not return, I want to insist, Mr. Speaker, that this Congress do something about alleviating the burden of postal and other Federal employees.

It is well recognized that the cost of living has increased tremendously over the past 2 years. Most of the Members of this House, including the leadership on both sides, have taken the position that they see the justification of some relief by granting an increase in pay to these groups. To be fair to these employees, this relief should have been given weeks ago. It is not a matter that should be kicked around for political expediency.

Several weeks ago hearings were held by the committee and they were shown by many substantial groups an increase of 800 annually was justified to take care of the increased cost of living. I personally feel that this would have been an appropriate adjustment for the work they are doing and in order that they may continue to give the service that is demanded of them.

Several weeks ago the committee voted out a bill that would give to postal workers an increase of \$585 on an annual basis for 14 months, and \$468 to classified employees. This bill has been held up in the Rules Committee and the House has had no opportunity of considering it.

I understand that those in position to hold up this legislation are doing so on

the basis that it does not meet with their approval. This action, Mr. Speaker, is highly inappropriate in legislative procedure to which I must express my disapproval.

I understand now that the leadership has ordered the committee to consider an additional bill that would provide a permanent increase to postal employees of \$450 annually, and a temporary increase of \$360 to the other Federal workers whose salaries are fixed by the Classification Act.

This certainly would not be adequate to take care of the increased cost of living imposed upon these employees. Naturally, it would give some relief and I would therefore reluctantly support it. It does seem to me, Mr. Speaker, it is arbitrary and ill-considered action, however, and there is ample time yet to permit this House to pass its better judgment on this problem. I join with others in insisting that this opportunity be given.

EXTENSION OF REMARKS

Mr. HARRIS asked and was given permission to extend his remarks in the Appendix of the RECORD on the farm program.

Mr. BRYSON asked and was given permission to extend his remarks at this point in the RECORD and include two telegrams.

THE DRAFT BILL—THE HOUSING PROGRAM

Mr. BRYSON. Mr. Speaker, the American Legion, Department of South Carolina, is now in session at our State capital, Columbia. This morning I received a telegram from the Department Commander Alfred J. Plowden, Jr., which reads as follows:

American Legion convention in session Columbia today urge you to support draft bill.

It is comforting to know the sentiments of the membership of the American Legion because its membership consists entirely of honorably discharged veterans of World War I and II. I believe that those of us who have served in the armed forces are probably in a better position to determine whether or not under all of the circumstances it is necessary for us to pass the pending bill providing for selective service. I readily acknowledge that there are many who seriously disagree with the terms of the pending bill or with any other measure providing for compulsory military training. The people of my district know and have known for several years that I favor adequate military strength. Thus far, in spite of unprecedented inducements and advantages, voluntary enlistments have proven insufficient. I believe it is imperative, in view of world conditions, that we pass the bill we have before us today in the interest of national security. My reply to the above-mentioned telegram is as follows:

Appreciate telegram sent by American Legion convention in session in Columbia endorsing and urging prompt passage of pending draft bill. I have consistently supported this measure in view of grave international situation. I shall continue to urge the enactment of this too long delayed provision so necessary to preserve national security.

Mr. Speaker, I hear, though unofficially, that the Rules Committee does not plan to give the House an opportunity to pass upon the Taft-Ellender-Wagner housing bill or any other bill making provisions for and adding encouragement in the housing program. This morning I received a telegram from my district from Hon. Bruce Littlejohn which reads as follows:

Spartanburg County Post, No. 5093, Veterans of Foreign Wars, urge favorable action TEW housing bill before adjournment.

Mr. Littlejohn is not only the liaison officer of the local post of Veterans of Foreign Wars; he is speaker and presiding officer of the House of Representatives of South Carolina.

While I do not approve of all the provisions of the Taft-Ellender-Wagner bill, I am strongly in favor of the enactment of some law without delay that would facilitate the building of houses so sorely needed for many of our citizens, especially veterans. My reply to the aforementioned telegram is as follows:

Having signed the discharge petition, I naturally am urging immediate favorable action by the House on the Taft-Ellender-Wagner housing bill without further delay.

EXTENSION OF REMARKS

Mr. MULTER asked and was given permission to extend his remarks in the Appendix of the RECORD and include extraneous matter.

Mr. GATHINGS asked and was given permission to extend his remarks in the RECORD and include an essay written by a constituent of his, Miss Hamilton, of Hughes, Ark.

Mr. SHEPPARD asked and was given permission to extend his remarks in the RECORD and include an article entitled "Peace and More" by Paul Breese, of Ontario, Calif.

Mr. MURDOCK asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances.

Mr. DONOHUE asked and was given permission to extend his remarks in the RECORD.

Mr. TABER asked and was given permission to extend his remarks in the RECORD.

NAVY DEPARTMENT APPROPRIATION BILL, 1949

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 6772) making appropriations for the Department of the Navy and the naval service for the fiscal year ending June 30, 1949, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Vermont? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. PLUMLEY, JOHNSON of Indiana, PLOESER, SCRIVNER, ENGEL of Michigan, SHEPPARD, THOMAS of Texas, HENDRICKS, and ANDREWS of Alabama.

EXTENSION OF REMARKS

Mr. CANNON asked and was given permission to extend his remarks in the RECORD and include an editorial.

SURPLUS PROPERTY ACT OF 1944

Mr. WADSWORTH. Mr. Speaker, I call up the conference report on the bill (H. R. 2239) to amend section 13 (a) of the Surplus Property Act, as amended, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the statement.

Mr. WADSWORTH. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

ALLIED AVIATION CORP.

Mr. JENNINGS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 631) for the relief of the Allied Aviation Corp. with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 7, strike out "\$108,753.13" and insert "\$234,195.20."

Page 1, line 8, after "sustained", insert "under contract NO-S-92657."

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES APPROPRIATION BILL, 1949

Mr. PLOESER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. PLOESER, JENSEN, COUDERT, CLEVELAND, MAHON, WHITTEN, and GORE.

FEDERAL FOOD, DRUG, AND COSMETIC ACT

Mr. MILLER of Connecticut. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4071) to amend sections 301 (k) and 304 (a) of the Federal Food, Drug, and Cosmetic Act, as amended, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut? [After a pause.] The Chair hears none, and appoints the following

report on the relation of new functions of the departments and agencies to increased civilian employment in the executive branch (H. Rept. 2412)(p.9107).

36. DISASTER RELIEF. Passed S. 2877, providing \$10,000,000 additional authority for disaster loans by RFC (p. 9092). The Senate version would have provided \$20,000,000 additional.

SENATE - June 19

37. SELECTIVE SERVICE. Both Houses agreed to the conference report on S. 2655, the selective-service bill; the House vote was 259-136 (pp. 9137-71, 9357-81). This bill will now be sent to the President.
38. INTERIOR APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 6705 (pp. 9171-3). This bill will now be sent to the President.
39. CCC CHARTER. Conferees on this bill, S. 1322, were appointed in both Houses (pp. 9173-5, 9376-7).
40. WATER POLLUTION. Agreed to the conference report on S. 418, to provide for water-pollution control through the Public Health Service (p. 9175). This bill will now be sent to the President.
41. DISPLACED PERSONS. Agreed to the conference report on S. 2242, to permit entry of displaced persons into the U. S. (pp. 9176-88, 9190-6). This bill will now be sent to the President.
42. GOVERNMENT CORPORATIONS APPROPRIATION BILL. Both Houses agreed to the conference report on this bill, H. R. 6481, and acted on disagreement amendments (pp. 9177, 9188-90, 9263, 9339-53). This bill will now be sent to the President. As finally passed, the bill includes changes as follows: Authorizes payment by the Federal intermediate credit banks to FCA of not over \$330,000 (House, \$373,600; Senate, \$223,600). Authorizes not over \$1,500,000 for administrative expenses of the production credit corporations (Senate figure; House, \$1,350,000). Provides that the production credit corporations shall return Government capital of at least \$30,000,000 (House, \$60,000,000; Senate, \$20,000,000), and that such capital be carried to the surplus fund of the Treasury instead of being returned to the corporations revolving fund, as proposed by the Senate. Authorizes not over \$146,800 for RACC administrative expenses (Senate figure; House, \$46,800). Authorizes payment by RACC to FCA of not over \$21,000 (Senate figure; House, \$12,500). Does not include the Senate provision for a \$12,000 salary for the FCA Governor. Retains the farmer loan provision in modified form. Strikes out TVA steam-plant provision.
43. VIRGIN ISLANDS. Conferees were appointed, in both Houses, on H. R. 5904, to incorporate the Virgin Islands Corporation (pp. 9182, 9378).
44. SECOND DEFICIENCY APPROPRIATION BILL. Passed with amendments this bill, H. R. 6935 (pp. 9217-26). Conferees were appointed in both Houses (pp. 9226, 9353). In addition to the committee amendments, agreed to an amendment by Sen. Murray, Mont. (for himself and Sens. Hill and Ball), to provide \$450,000 additional for administrative expenses of REA (pp. 9222-3).
45. INDEPENDENT OFFICES SUPPLEMENTAL APPROPRIATION BILL. Both Houses agreed to the conference report on this bill, H. R. 6829 (pp. 9264, 9353-5). This bill will now be sent to the President. The conferees eliminated the Senate amendment

18. HOUSING. Passed, 318-90, as reported H. R. 6959, the housing bill, without the rural-housing title (pp. 9022-47).
19. SELECTIVE SERVICE. Passed, 283-130, with amendments S. 2655, the selective-service bill (pp. 8986-8). Conferrees were appointed (p. 8988).
20. ARMY MILITARY APPROPRIATION BILL. House conferees were appointed on this bill, H. R. 6771 (p. 8986).
21. DISPLACED PERSONS. Agreed to the conference report on S. 2242, to permit entry of 200,000 displaced persons into the U. S., of whom at least 30% must be farm workers (pp. 9004-13).
22. INTERIOR APPROPRIATION BILL. Agreed to the conference report on this bill, H. R. 6705 (pp. 8998-9).
23. FOOD AND DRUG ADMINISTRATION. Agreed to the conference report on H. R. 4071, to increase the powers of this agency regarding seizures of foods, etc. (pp. 8996-7). This bill will now be sent to the President.
24. FOREIGN RELIEF. Passed as reported S. 2376, to provide a revolving fund for purchase of agricultural commodities and raw materials to be processed in occupied areas and sold (pp. 9076-81).
25. WATER POLLUTION. Agreed to the conference report on S. 418, to provide for water-pollution control through the Public Health Service (p. 9013).
26. RECLAMATION. Concurred in the Senate amendment to H. R. 3218, authorizing an emergency fund for the Bureau of Reclamation to assure continuous operation of its projects (p. 9015). This bill will now be sent to the President.
27. POSTAL RATES. Passed as reported H. R. 6916, to provide for permanent postal rates and additional compensation for certain P. O. employees (pp. 9052-66).
28. SUPPLEMENTAL INDEPENDENT OFFICES APPROPRIATION BILL. House conferees were appointed on this bill, H. R. 6829 (p. 9073).
29. AGRICULTURE INVESTIGATIONS. Agreed, without amendment, to H. Res. 676, providing \$5,000 for the Agriculture Committee (p. 9086).
30. COMMODITY-EXCHANGE INVESTIGATION. Agreed, without amendment, to H. Res. 674, providing \$10,000 for the Andresen Committee (p. 9086).
31. VIRGIN ISLANDS. Passed, 132-9, as reported H. R. 5904, to incorporate the Virgin Islands Corporation (pp. 9087-91).
32. RECLAMATION. Agreed to the conference report on H. R. 5416, to promote the interest of the Fort Hall Indian irrigation project, Idaho (p. 9103).
33. COMMODITY SPECULATION. Rep. Rankin, Miss., discussed the charges against Linder, MacDonald, and Harris (p. 9105).
34. FOREST LANDS. The Public Lands Committee reported without amendment S. 580, to transfer certain O&C lands from the Forest Service to the Interior Department (H. Rept. 2413) (p. 9107).
35. PERSONNEL; ECONOMY. The Post Office and Civil Service Committee submitted a

MAKING APPROPRIATIONS FOR THE GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES

JUNE 19, 1948.—Ordered to be printed

Mr. PLOESER, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 6481]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6481) making appropriations for the Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 5, 8, and 21.

That the House recede from its disagreement to the amendments of the Senate numbered 6, 9, 11, 12, 15, 17, 19, 22, 23, 27, 28, 29, 30, 31, 32, and 33, and agree to the same.

Amendment numbered 10:

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$2,300,000; and the Senate agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$9,500,000; and the Senate agree to the same.

Amendment numbered 18:

That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$330,000; and the Senate agree to the same.

Amendment numbered 20:

That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$30,000,000; and the Senate agree to the same.

Amendment numbered 25:

That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows:

Restore the matter stricken out by said amendment amended to read as follows: : *Provided further, That the Corporation is authorized to pay not to exceed \$1,482.90 for services actually rendered by former employees during the fiscal year 1947 and for which there is no present authority to pay, as follows: L. Brown, \$120.06; W. Finch, \$140.11; J. Johnson, \$116.16; S. Jones, \$86.31; R. Neely, \$148.71; G. Sanders, \$103.19; N. L. Sanders, \$123.82; G. Walker, \$130.78; W. Winfield, \$183.37; W. Scruggs, \$153.60; E. Donley, \$102.68; H. Thomas, \$74.11; and the Senate agree to the same.*

The committee of conference report in disagreement amendments numbered 1, 2, 3, 7, 13, 16, 24, and 26.

WALTER C. PLOESER,
BEN F. JENSEN,
F. R. COUDERT, Jr.,
CLIFF CLEVINGER,
GEORGE MAHON,
JAMIE L. WHITTEN,
ALBERT GORE,

Managers on the Part of the House.

HOMER FERGUSON,
CLYDE M. REED,
LEVERETT SALTONSTALL,
KENNETH MCKELLAR,
RICHARD B. RUSSELL,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes, submit the following report in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Amendment No. 1 is reported in disagreement.

Amendment No. 2 is reported in disagreement.

Amendment No. 3 is reported in disagreement.

Amendment No. 4 appropriates to the Public Housing Administration \$4,840,000, as proposed by the House, for payments of annual contributions to locally owned low-rent housing projects, instead of \$6,200,000, as proposed by the Senate.

Amendment No. 5 restores the provision of the House bill requiring that no part of the appropriation to the Public Housing Administration for annual contributions to low-rent housing projects be paid to such projects making payments in lieu of taxes in excess of the amount specified in the original contract between such projects and the Public Housing Administration.

TITLE II

Amendment No. 6 changes the effective time when the Board of Directors of the Panama Railroad Company are required to declare and pay a dividend to the Treasury of the United States from "immediately upon the enactment of this act" to "prior to July 31, 1948".

Amendment No. 7 is reported in disagreement.

Amendment No. 8 restores the provision of the House bill limiting the amount of funds available for liquidation of the Tennessee Valley Associated Cooperatives, Inc., and requiring this corporation to be liquidated and dissolved at the earliest practicable date without additional appropriations therefor.

Amendment No. 9, relating to the standard under which the Reconstruction Finance Corporation shall account for its administrative expenses, changes the requirement of the House bill so that "generally recognized" accounting principles and practices must be followed.

Amendment No. 10 authorizes not to exceed \$2,300,000 for administrative expenses of the Home Owners' Loan Corporation, instead of not to exceed \$2,250,000, as proposed by the House, and not to exceed \$2,500,000, as proposed by the Senate.

Amendments Nos. 11 and 12 authorize the Secretary of the Treasury to cancel bonds of the Home Owners' Loan Corporation as proposed by the Senate, instead of capital stock as proposed by the House, upon transfer of the capital stock of the Federal Savings and Loan Insurance Corporation from the Home Owners' Loan Corporation to the Treasury.

Amendment No. 13 is reported in disagreement.

Amendment No. 14 authorizes not to exceed \$9,500,000 for administrative expenses of the Public Housing Administration, instead of not to exceed \$9,000,000 as proposed by the House, and \$10,000,000, as proposed by the Senate.

Amendment No. 15 requires the capital stock of the Defense Homes Corporation to be transferred to the Reconstruction Finance Corporation, as proposed by the Senate, instead of to the Secretary of the Treasury, as proposed by the House.

Amendment No. 16 is reported in disagreement.

Amendment No. 17 authorizes not to exceed \$3,000 of the funds of the Housing and Home Finance Agency available for travel expenses to be used for attendance at meetings, as proposed by the Senate.

Amendment No. 18 authorizes payment by the Federal intermediate credit banks to the Farm Credit Administration for services rendered in amount not to exceed \$330,000, instead of not to exceed \$373,600, as proposed by the House, and not to exceed \$223,600, as proposed by the Senate.

Amendment No. 19 authorizes not to exceed \$1,500,000 for administrative expenses of the production credit corporations, as proposed by the Senate, instead of not to exceed \$1,350,000, as proposed by the House.

Amendments Nos. 20 and 21 provide that the production credit corporations shall return Government capital of not less than \$30,000,000, instead of not less than \$60,000,000, as proposed by the House, and not less than \$20,000,000 as proposed by the Senate, and that such capital be carried to the surplus fund and covered into the Treasury, as proposed by the House, instead of being returned to the production credit corporations revolving fund authorized in title 12 of the United States Code, as proposed by the Senate.

Amendment No. 22 authorizes not to exceed \$146,800 for administrative expenses of the Regional Agricultural Credit Corporation of Washington, D. C., as proposed by the Senate, instead of not to exceed \$46,800, as proposed by the House.

Amendment No. 23 authorizes payment by the Regional Agricultural Credit Corporation of Washington to the Farm Credit Administration for services rendered in amount not to exceed \$21,000, as proposed by the Senate, instead of not to exceed \$12,500, as proposed by the House.

Amendment No. 24 is reported in disagreement.

Amendment No. 25 authorizes the Inland Waterways Corporation to pay not to exceed \$1,482.90 for services actually rendered by 12 former employees who had been reemployed after having engaged in a strike against the Government, for which the Corporation has no present authority to pay, instead of not to exceed \$3,918.48 for 18 such former employees, as proposed by the House, and the elimination of any such authority, as proposed by the Senate.

In recommending authority to pay certain of such former employees to the exclusion of others, it is the intention of the managers on the part of both Houses that such action shall not be construed as a bar or a limitation on the rights of any of such former employees of this Corporation to make or prosecute claims for funds alleged to be owing to them.

Amendment No. 26 is reported in disagreement.

Amendment No. 27 provides that funds of the Federal Prison Industries, Inc., shall be available in amounts not to exceed \$338,000

during the fiscal year 1948 and \$380,000 during the fiscal year 1949 for expenses of vocational training of prisoners as authorized by the act of May 11, 1948 (Public Law 521), as proposed by the Senate.

TITLE III

Amendment No. 28 strikes out, as proposed by the Senate, the provision of the House bill increasing the salaries of the Governor of the Farm Credit Administration and the Housing and Home Finance Administrator.

Amendment No. 29 changes the number of a section of the bill.

Amendments Nos. 30, 31, and 32 strike from the bill language, proposed by the House, to forbid employment by agencies included in the bill of members of labor organizations the officers of which are not in compliance with the Labor-Management Relations Act, 1947.

Amendment No. 33 changes the number of a section of the bill.

AMENDMENTS IN DISAGREEMENT

Amendment No. 7, relating to the requirement that the Board of Directors of the Panama Railroad Company declare and pay a dividend of \$10,000,000 into the Treasury of the United States, if not otherwise required to be turned in to the Treasury under the provisions of the proposed Federal charter: The managers on the part of the House will move to recede and concur with an amendment.

Amendment No. 13, providing that the amount of bonds canceled by the Secretary of the Treasury upon receipt from the Home Owners' Loan Corporation of the outstanding capital stock of the Federal Savings and Loan Insurance Corporation shall equal the par value of such stock plus accrued dividends thereon: The managers on the part of the House will move to recede and concur with an amendment.

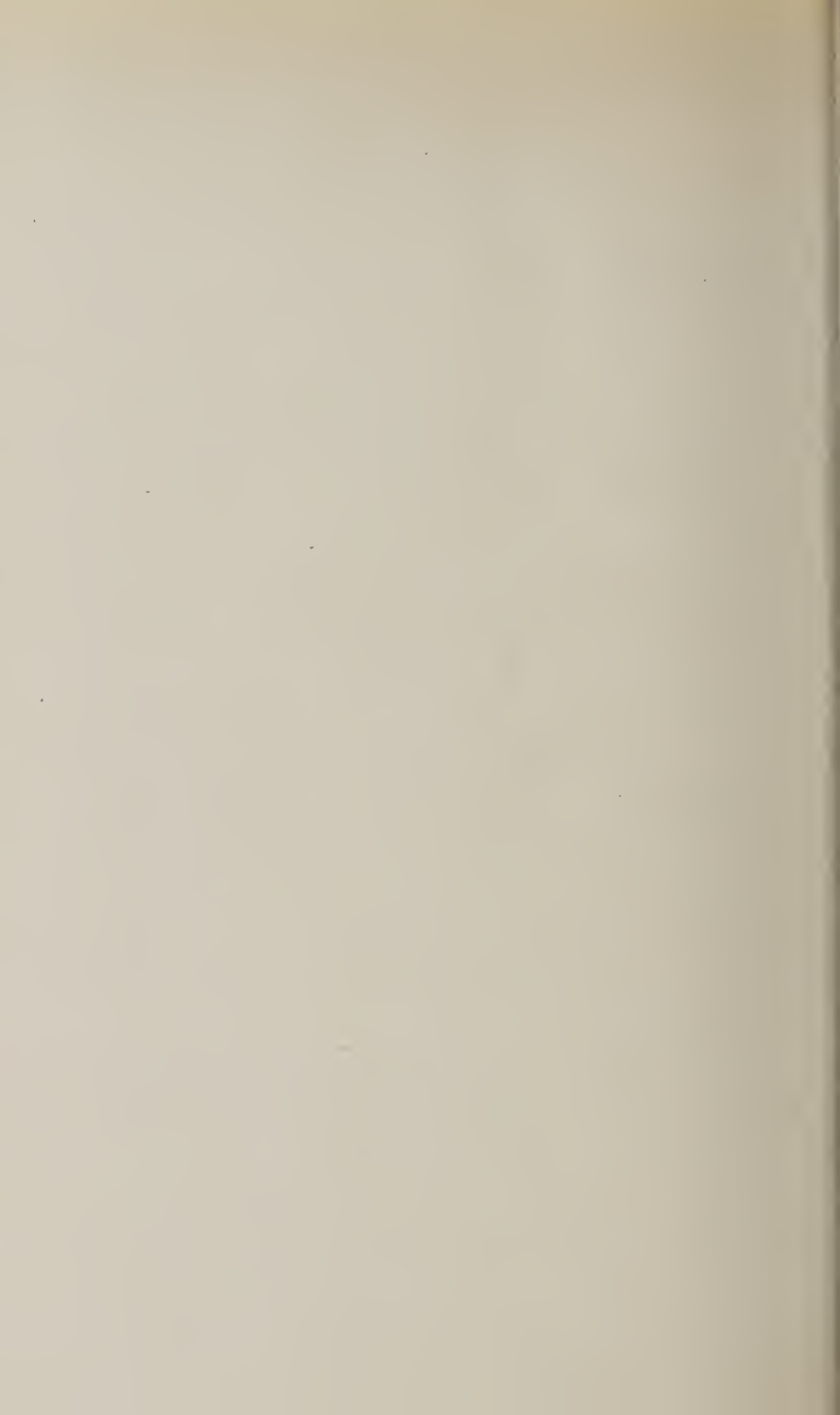
Amendment No. 16, relating to the effective date for the transfer of the stock, assets, liabilities, and records of the Defense Homes Corporation to the Reconstruction Finance Corporation: The managers on the part of the House will move to recede and concur with an amendment.

Amendment No. 24, authorizing the Regional Agricultural Credit Corporation of Washington, D. C., to make loans to fur farmers and to incur administrative expenses in connection therewith: The managers on the part of the House will move to recede and concur with an amendment.

Amendment No. 26, authorizing the Virgin Islands Company to borrow \$500,000 from the Treasury; appropriating \$500,000 for this purpose; and enabling the company to continue its present operations until June 30, 1949: The managers on the part of the House will move to recede and concur with an amendment.

WALTER C. PLOESER,
BEN F. JENSEN,
F. R. COUDERT, Jr.,
CLIFF CLEVINGER,
GEORGE MAHON,
JAMIE L. WHITTEN,
ALBERT GORE,

Managers on the Part of the House.



in which the list of persons is sent to this country or within the succeeding term, then that person obtains permanent status.

It will be recalled that certain vocational preferences were provided in the bill as passed by the Senate. As I recall, 50 percent of those who were to be admitted into the country were to be persons who had engaged in agriculture—agricultural workers—and who intended to go into agriculture in this country. In the conference report that figure has been changed to 30 percent, and a preference is given to the agricultural worker.

Under the bill as passed by the Senate, at least 50 percent of those admitted were to be persons who were natives of a land which had been annexed de facto by a foreign power. That would mean Lithuania, Estonia, Latvia, and eastern Poland, east of the Curzon line. In the previous debate, I fully discussed the reasons for that preference.

The conference report incorporates the provisions of the Senate bill providing for a three-member commission, but leaving the administration of the act in the hands of the regular immigration officials.

The conference report also provides for the opening of the German and Austrian quotas, with a provision that up to 50 percent of such quotas for the next 2 years, may be assigned to the Volksdeutsche. The Volksdeutsche, as the Senator recalls, are those persons of original German descent who may for generations have lived in Poland, Czechoslovakia, or Yugoslavia, and who, after the defeat of Hitler, under the Potsdam agreement were driven from their homes back into Germany or Austria.

GOVERNMENT CORPORATIONS APPROPRIATION BILL—CHANGE OF CONFEREES

Mr. WHERRY. Mr. President, will the Senator yield to me for a moment, in order to ask that I may be excused from further service as a conferee on the Government corporations appropriation bill, and that a new conferee be appointed?

Mr. REVERCOMB. I yield.

Mr. FERGUSON. Mr. President, if the request of the acting majority leader is granted, I shall ask that a new conferee be appointed.

Mr. WHERRY. I hope my request will be granted, because it is physically impossible for me to attend any further meetings of the conferees.

The PRESIDENT pro tempore. Without objection, the request is granted.

Will the junior Senator from Michigan suggest whom he desires to have named as a conferee, in place of the Senator from Nebraska?

Mr. FERGUSON. I should like to refer to the seniority list of the committee. As I understand, at the present time it will be the senior Senator from Massachusetts [Mr. SALTONSTALL].

The PRESIDENT pro tempore. Without objection, the Senator from Massachusetts [Mr. SALTONSTALL] will be named as an alternate conferee.

ADMISSION OF DISPLACED PERSONS—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2242) to authorize for a limited period of time the admission into the United States of certain European displaced persons for permanent residence, and for other purposes.

Mr. REVERCOMB. Mr. President, I have stated, a first preference is to be given to agricultural workers.

I wish to say that a second preference is to be given, as was provided in the House bill, to persons who are household workers or construction, clothing, or garment workers, and others who are needed in the locality in the United States in which such persons propose to reside, or eligible displaced persons possessing educational, scientific, technological, or similar qualifications. That provision was taken from the bill as passed by the House, in substantially the same language.

A third preference is given to eligible displaced persons who are the blood relatives of citizens or lawfully admitted aliens in the United States, such relationship in each case to be within the third degree of consanguinity, computed according to the rules of common law.

Within those preferences, certain priorities are to be issued, first, to eligible displaced persons who during World War II bore arms against the enemies of the United States and are unable or unwilling to return to the countries of which they are nationals, because of persecution or fear of persecution on account of race, religion, or political opinion; and, second, to eligible displaced persons who on January 1, 1948, were located in the displaced persons camps and centers. In exceptional cases, however, a preference may be given to persons outside, under the regulations of the Commission.

Mr. President, I believe that states the principal differences between the bill as passed by the Senate and the conference report.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. REVERCOMB. I yield.

Mr. COOPER. As the Senator knows, the clothing industry in the United States is badly in need of qualified tailors and hand operators on clothing. I am informed that that need cannot be supplied in this country, but it can be supplied from European sources. Can the Senator state whether the words "clothing and garment workers" are intended to include and do include tailors and hand operators on clothing?

Mr. REVERCOMB. It is my understanding that the reference to clothing and garment workers, would include anyone who works with clothing and garments, and certainly it would be my understanding that it would include tailors. However, if there were any reason to doubt for a moment that such persons were covered by the words used in the conference report, the reference in the

report to other workers needed in such places in the United States where such displaced persons would reside, would certainly cover the situation.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. REVERCOMB. I yield.

Mr. SALTONSTALL. As I read the conference report rather hastily, the number of persons who can come into the United States under it, from any one country could displace not more than 50 percent of the quota of immigrants from that country for that year. I should like to know this: If there are eligibles from Latvia, who are just the sort of people we want, and who qualify under this measure in every other way, will the fact that 50 percent of the quota for that country has been used for that year, keep other of such eligible persons from being admitted that year, but give them priority in the next year; or what will happen?

Mr. REVERCOMB. I should have mentioned that point in the opening statement I made. I am glad the Senator has asked the question. I think it best that I read the provision of the conference report in that connection. It is to be found in subsection (b) of section 3:

Upon the issuance of an immigration visa to any eligible displaced person as provided for in this act, the consular officer shall use a quota number from the immigration quota of the country of the alien's nationality as defined in section 12 of the act of May 26, 1924 (U. S. C., title 8, sec. 212), for the fiscal year then current at the time or, if no such quota number is available for said fiscal year, in that event for the first succeeding fiscal year in which a quota number is available: *Provided*, That not more than 50 per centum of any quota shall be so used in any fiscal year: *Provided further*, That eligible displaced orphans may be issued special nonquota immigration visas, except that the number of such special nonquota immigration visas shall not exceed 3,000.

In other words, it does not block the number of persons who may be admitted into the United States in any 1 year. I know exactly what the able Senator has in mind. For instance, the quota of Estonia is very low; I do not recall, but it is probably around 200 or under 200. The question asked by the Senator is, Would that primarily affect the number to come in in any 1 year? No; it would not. As many as are available, as many as will, may come in. As many as will, even beyond the whole quota, may come in. But the charge against future quotas is only chargeable to half the yearly quota. In other words, it leaves half the quota for persons, natives of that country other than displaced persons, to use it in those years.

Mr. SALTONSTALL. In other words, then, to finish with that, they can be admitted in any number, if they are otherwise eligible, from Estonia, but 50 percent of the quota from that country would be pledged for years to come until that number is filled up. Is that correct?

Mr. REVERCOMB. Yes, that is right. In other words, this is a provision that was in the House bill, which was insisted upon by the House, called by some a

mortgaging of future quotas up to 50 percent a year. It does not affect the number who may come in within any year of the 2 years covered by the statute, or rather within the whole 2-year period covered by the statute.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. REVERCOMB. I yield.

Mr. FERGUSON. I should like the floor in my own right.

Mr. REVERCOMB. I thought the Senator wanted me to yield for a question. I tried to give an explanation of the bill as it came from conference. It is the Senate bill as passed by the Senate by a large majority, with the differences I have tried to express in this opening statement. With that explanation, I am very glad to yield the floor at this time.

Mr. FERGUSON. Mr. President, as one of the conferees, I have not placed my signature to the conference report, and while the report was taken to the floor of the House and adopted, and I anticipate it will be adopted by the Senate, I still deem it my duty to state for the RECORD and to the Senate my reason for declining to sign the report.

Mr. President, there are two questions involved in the bill as to which I could not compromise the principle which I think is involved. While I realize a vote was taken upon each of the questions in the Senate, I still think the principle is so vital to the proper solution of the problem of displaced persons that it should now be called to the attention of the Senate, because I believe the bill is not workable in its present condition, and that in the future, amendments will of necessity be made, and therefore we should understand what we are about to do.

Mr. REVERCOMB. Mr. President, will the Senator yield for a question?

Mr. FERGUSON. I yield for a question.

Mr. REVERCOMB. Merely that we may understand the basis of the Senator's statement, did the Senator vote for the bill in the Senate on final passage?

Mr. FERGUSON. Yes, Mr. President; I voted for the bill. I thought then it was as good a bill as the Senate at that time would pass; I believe now it is as good a bill as the Senate will pass; but I still think I should make these remarks to the Senate at this time because to me they deal with a vital matter. The questions I have in mind are two in number. The first has to do with the date for reckoning displaced persons under the bill. As I recall, the war ended on May 8, 1945. Some of the displaced persons camps were in existence at that time, and were filled later by taking people who were displaced from wherever they were found.

Sometime subsequent to December 22, 1945, the President of the United States issued an Executive order allowing displaced persons from the camps to come in to the United States under the regular quota. The report of the committee indicates that there were many. And, by the way, the President used the date of December 22, 1945, as being the date he would recognize persons as being displaced if they were in the camps prior to that date.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield for a question.

Mr. PEPPER. Can the Senator give us any explanation for the vigorous insistence by the majority on the December 22, 1948, date, which was known to deny eligibility status to large numbers of displaced persons?

Mr. FERGUSON. I think the record is quite full, because it was contended on the floor that the real displaced persons were those who were in the camps prior to December 22, 1945. But as the Senator from Michigan sees the proposition, all displaced persons in the camps prior to the time they were officially closed by the order of General Clay, are displaced persons.

Mr. PEPPER. Mr. President, will the Senator yield further?

Mr. FERGUSON. I yield.

Mr. PEPPER. I have before me an editorial from the Denver Post of June 13, 1948, the heading of which is "Cutting out the bias," in which appears this paragraph:

A second provision of the Senate bill, plainly containing an anti-Jewish bias, limits eligible DP's to those refugees who entered the camps of western Europe before December 22, 1945. Most Jews, who comprise 18 percent of the total displaced persons, came to the refugee centers after that date.

Certainly there is an inference in the editorial statement and in the fact that justifies a possible assumption there might have been some conscious design to deny eligibility to the Jews.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield to the Senator from West Virginia.

Mr. REVERCOMB. Let me at once remove from the mind of the Senator from Florida any conscious design to discriminate against anyone whomsoever because of religion or faith. I think the other members of the committee will bear me out in that statement, and will do so emphatically. This was a displaced persons bill, and there was not, and should not have been, any idea of bringing the faith or beliefs of any persons into the discussion. Let that be put at rest.

So far as the Senator from West Virginia is concerned, this is a displaced persons bill, whoever they might be, and the persons earliest displaced, those more certainly displaced, were the ones who should receive first attention. I point out to the Senator who has raised the question—and I do not desire to discuss it because it has no part in the consideration—that there are displaced persons all over the world. Under IRO camps are maintained not only in Europe but in north Africa, in the Middle East, and in China.

We are advised by Sir Arthur Rucker, who is the deputy administrator of the PCIRO, that the representatives of the new state of Pakistan came before him and reported that there were 10,000,000 displaced persons in that country. Those people would be qualified. It is limited to Germany and Austria, where the American, the British, and the French zones are located, with respect to who

may come under this bill. Perhaps that is discrimination, but it is wise and necessary discrimination as to the area dealt with in the bill.

As to other discriminations, I think the Senator will find that there are none, in fact, regardless of charges by groups and by writers. I do not think that there would be any unjust discrimination whatever under the effects of this bill.

Mr. McGRATH. Mr. President, will the Senator yield?

Mr. FERGUSON. I would rather not yield. I have a conference to attend with regard to the Government corporations bill. It is very essential that I be present because of the closing of the session today. As soon as I can finish what I have to say, I shall be glad to yield to the Senator from Rhode Island.

The question has been raised as to whether the bill is, in effect, discriminatory. There is no doubt that it is discriminatory. It does not make any difference to the people who are being discriminated against whether it is a conscious or an unconscious discrimination, but it makes a difference to the people who are exercising the discrimination.

The reason this bill will not work is that it will suggest the filing of fraudulent applications because on December 22, 1945, registration was not complete in the camps. It was not known who were in the camps prior to that date or who were in the camps after that date, and not until April 21, 1947, was there an actual investigation to the extent of taking fingerprints of those who were in the camps. So on April 21, 1947, it was known exactly what persons were in the camps, by photograph, by fingerprint, and by record.

I have not agreed with the committee. I had presented these problems on the floor previously. I have not signed the report, because under the circumstances I felt my conscience would not allow me to sign it. I merely came to the floor to present the picture, so that we may realize what we are doing. If we do not solve the problem of displaced persons we shall have a cancer in Europe that may lead even to disturbances which will affect the whole world. For that reason I raise my voice today upon the floor.

I yield to the Senator from Rhode Island.

Mr. McGRATH. Mr. President, I should like to address myself to the question propounded to the Senate by the Senator from Florida [Mr. PEPPER] with respect to the date of December 22, 1945, which was made the effective date of this bill.

The PRESIDENT pro tempore. The Senator from Rhode Island is recognized in his own right.

Mr. McGRATH. I join in the sentiments expressed by the distinguished Senator from Michigan. To me it is a matter of deep regret that after 18 months of sincere, honest, and courageous effort on the part of so many thousand humanitarian Americans, we come to this sad moment in the Senate of the United States when we probably shall have to write into the law of this country principles of narrowness, intolerance, and bigotry.

personalities, but will extend to each other those courtesies which are so absolutely necessary if the business of the Senate is to be transacted.

Mr. FERGUSON. Mr. President, as I stated earlier, I shall take only a few moments. I did not sign the report. I voted for the bill when it left the Senate because I considered it the lesser of two evils, and that we had better bring in some kind of a bill rather than none. But because I could not agree with the conference report, I felt it my solemn duty to protest. I want the Senate to understand my feelings and the reason why I did not sign the report. I made remarks earlier to the same effect.

I think we stand in this position at this time: We are again facing the lesser of two evils in relation to displaced persons. If we do not pass this bill as it is now, it is my opinion that no bill will be passed during this session. Therefore, I feel that I have no alternative other than to give some relief by my vote, and, therefore, I shall vote for the conference report, because if it is not adopted I feel certain that, the House already having voted by a great majority to change the date, so far as its bill was concerned, we shall not get any bill. Therefore, I shall cast my vote for the conference report. However, I believe that we should discuss it for a short time. If the act does not work—and I am convinced that it will not—in January of next year amendments should be made so that we shall have a better bill and give better relief in an effort to solve this problem.

Mr. COOPER. Mr. President, I realize that it is most important today that we do not spend time on matters about which we can do little. But because of certain statements which have been made by members of the subcommittee with whom I served, and by others, I feel that I must spend a few minutes upon this subject.

I was a member of the subcommittee appointed to study the problem of displaced persons and served with the distinguished Senators from West Virginia [Mr. REVERCOMB], from Missouri [Mr. DONNELL], from Nevada [Mr. MCCARRAN], and from Rhode Island [Mr. McGRATH].

In our discussions in the subcommittee I found myself in agreement with the Senator from Rhode Island [Mr. McGRATH] upon most aspects of the problem. Together we offered amendments in the subcommittee, which were rejected. We filed a minority report with the full committee. In the full committee we offered amendments which were again rejected.

Upon the floor of the Senate, when the bill came up for consideration, I joined with the distinguished Senators from Michigan [Mr. FERGUSON], from New Jersey [Mr. SMITH], from Massachusetts [Mr. SALTONSTALL], and from Oregon [Mr. MORSE], and from Rhode Island [Mr. McGRATH], in offering amendments which we believed would improve the committee bill.

I am very sorry that the bill which was passed by the Senate, and the one which we consider today do not incorporate those amendments, and I am not

personally satisfied with several provisions of the pending bill. Nevertheless, I must say in justice today that in my belief, the statements which have been made are not fair to the distinguished chairman of the committee on the Judiciary [Mr. WILEY], or to the distinguished members of the subcommittee, Senators REVERCOMB, MCCARRAN, and DONNELL. It has been suggested that the deliberations of the committee were conducted with the intent to discriminate against certain nationalities and faiths. I attended all the meetings of the subcommittee, and of the full committee and no discrimination against any nationality or religion was at any time suggested or considered.

I deplore the fact that it is necessary to talk about discrimination, for unless it is evident that it was intended, such talk is inflammatory and does no good to any group.

Does this bill, in fact, discriminate against religious groups? If I remember correctly the statistics that were given the committee, I believe that about 20 percent of the total number of displaced persons are Jews, 15 percent are Protestants, and the remainder are Catholics. With the great number of the displaced persons to be admitted from eastern Poland and with the large proportion of people of Catholic faith among all the displaced people, I cannot believe that in fact there can or will be any discrimination against those of that faith. There should not be because they stood out strongly against fascism and stand strongly today against communism.

So far as the Jewish population is concerned, I must agree that the fixing of the date as of December 22, 1945, will cut off for the time being those who fled from Poland in 1945. I am informed that 20 percent of the displaced persons population are Jews, and that 20 percent of all displaced persons admitted should be Jews, upon the principle of fair treatment to all groups. If we assume that 200,000 will be admitted under this bill, and take into consideration that 40,000 have been admitted up to this time under the President's order, it follows that a total of 48,000 Jews should come in. It is my understanding that more than 20,000 have already been admitted. The committee statistics indicate that about 15,000 Jewish persecutees are eligible under this bill, and if Jewish people are taken from other groups the total will approach 48,000, and there should not be any discrimination as far as numbers of religious faiths are concerned. I give these facts in simple justice because I believe that the facts ought to be known.

This is a problem which can be greatly overemotionalized and overpropagandized because it is a human problem. I have made that statement before. My own interest in the problem was stirred because I saw them as a member of the armed forces. Since that time I have been greatly interested in the problem. When the question was before the subcommittee, I first believed that the date should have been fixed at December 22, 1945. Having seen the displaced people at first-hand I felt very strongly that those who had been forcibly and actually

displaced during the war and who had been in slavery in Germany should have the preference over those who had been in their homes during the war but had come to Germany later. I so stated in the subcommittee; and that those who came later, who came by choice, should be treated as refugees and should come under the regular immigration quotas.

Later, when I saw that it would be difficult to administer the law on the basis of the December 22, 1945, date because complete records were not available as of that date I changed by mind; but in justice I must say that there is some strength to the argument that those who were forcibly displaced by war and who endured a type of slavery for years should have preference over those who made a choice later.

I also say that I do not believe the newspapers and others who are interested in the problem have given full importance to the affirmative positions of policy declared by this bill. It is the first declaration by a major nation that this problem shall be solved by resettlement. It is the first declaration by a major nation that these people shall not be required to come as single workers, and that they shall be permitted to bring their families with them and establish themselves as families upon our soil. These principles make a start toward the world solution of the problem. It must be solved on the basis of resettlement of family units.

I have great affection for my friend the Senator from Rhode Island [Mr. McGRATH]. We worked together on the bill. I know his deep and sincere interest in these unfortunate people. Yet I am sorry that the matter of suggested discrimination has been brought into the discussion today.

Mr. President, I hope that the passage of this measure will be the beginning of the resettlement of all the displaced persons. It is imperfect, but we cannot forget that it will bring into this country 200,000 human beings of diverse faiths and nationality who will find here the opportunity for a new life.

Mr. PEPPER. Mr. President, I believe that Congress will not be proud of its passage of this measure, and neither do I believe that the miserable people who are looking hopefully to the Congress for assistance will find any satisfaction in the measure.

I hold in my hand an editorial appearing in the Denver Post for June 13, 1948. The editorial is entitled "Cutting out the Bias." It reads as follows:

[Denver Post, June 13, 1948]

CUTTING OUT THE BIAS

As was to be hoped, the displaced persons bill passed by the House Friday omits the worst features of the Wiley bill, which the Senate approved last week.

Like the Senate bill, the House measure, sponsored by Representative FELLOWS (Republican) of Maine, would admit 200,000 homeless Europeans to the United States during the next 2 years. In addition, it would open our doors to 2,000 Czechs who fled after the Communist coup in their homeland, plus several thousand orphan children.

But the House version does not contain the provisions of the Senate bill which are a crudely camouflaged effort to exclude Catholics and Jews from the program.

The discriminatory Senate bill contains an amendment requiring 50 percent of the DP's to be from "countries annexed by a foreign power"—obviously referring to Latvia, Lithuania and Estonia, whose populations are overwhelmingly Protestant.

A second provision of the Senate bill, plainly containing an anti-Jewish bias, limits eligible DP's to those refugees who entered the camps of western Europe before December 22, 1945. Most Jews, who comprise only 18 percent of the total displaced persons, came to the refugee centers after that date.

The House bill eliminates the Balt proviso and extends the date of eligibility to April 1, 1947. This is a great deal more harmonious with the United States traditions of generosity and tolerance.

The shape and spirit of the final legislation will depend upon the action taken this week when a Senate-House conference committee meets to compose differences between the two bills.

The conferees will meet in an atmosphere fortunately removed from the poisonous demagoguery with which such "statesmen" as Representative RANKIN and Senator EASTLAND of Mississippi and Representative GOSSETT of Texas have polluted the atmosphere concerning the DP question.

With care in the choice of conferees, there is hope that the bill finally adopted will proclaim the sincerity of American brotherhood with freedom-aspiring peoples regardless of creed.

Then, at last the United States will be doing something toward a final solution to one of the most heart-breaking problems left by the war.

GOVERNMENT CORPORATIONS APPROPRIATIONS, 1949

Mr. FERGUSON. Mr. President, will the Senator from Florida yield, to permit me to propound a unanimous-consent request?

Mr. PEPPER. I yield.

Mr. FERGUSON. I ask unanimous consent, as chairman of the conferees on the Government corporations appropriation bill, that I be permitted to move that the Senate recede on amendments Nos. 1, 2, and 3 to that bill, House bill 6481, and that the vote on this motion be taken without debate. I ask unanimous consent that I be permitted to move to that effect.

The PRESIDING OFFICER. Is there objection?

Mr. RUSSELL. Mr. President, reserving the right to object, let me make an inquiry. If the requested agreement is not entered, would the result be that no opportunity would be provided to move to instruct the conferees?

Mr. FERGUSON. Mr. President, I was unable to hear the Senator, due to the confusion presently existing in the Chamber.

Mr. BARKLEY. Mr. President, if I may be permitted to inform the Senator, the Senator from Georgia asked whether, in the event the motion contemplated by the Senator from Michigan were defeated, opportunity would be given to offer a motion to instruct the conferees.

Mr. FERGUSON. Then I would ask unanimous consent to have a vote to instruct the conferees.

Mr. RUSSELL. If that is included in the request, I have no objection.

The PRESIDING OFFICER. Is there objection?

Mr. FERGUSON. Mr. President, I may say that the reason for making this

motion, which is unusual, is that the conference appears to be deadlocked. This is the last day. There is a grave question as to whether we would get any agreement, otherwise.

Mr. HILL. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. HILL. Do I correctly understand that the motion is that there be no opportunity to explain to the Senate what is involved in this matter?

Mr. FERGUSON. I considered that the matter was debated at considerable length, and I also considered the present parliamentary situation.

Mr. HILL. I realize that the matter was debated previously at considerable length, and I have no disposition to go over that debate. But there have been some developments which I think should be stated.

Of course, the ordinary, customary procedure would be for the House to have a separate vote on this amendment, by having the conferees on the part of the House take the amendment back to the House. The Senate having had a yeas-and-nays vote on this amendment, and having thereby voted to place this amendment in the bill, the normal procedure would be for the conferees on the part of the House to take the amendment back to the House and have a vote taken on the amendment in the House.

As I understand, up until today the conferees on the part of the House have refused to take the amendment back to the House. So the distinguished Senator from Michigan now presents the request which, as he has well said, is a rather unusual and extraordinary one, and is one which I know in my service here I have seldom, if ever, heard before.

I am not going to object to the request, but I wish the Senate to understand what this matter is.

The only thing we are asking now is the normal, regular thing, which is to have the Senate sustain its position by making an effort to have the House take a vote on this amendment. It is only fair, and only cricket, and only playing square that the House have a vote on the amendment. Certainly the Senate should not surrender or yield in its position until the House has had an opportunity to declare itself by taking a vote on the amendment.

Mr. FERGUSON. Mr. President, let me include in my proposal a further proposal that the debate be limited to 7 minutes for each side, and that the time be assigned by the acting majority leader and the minority leader.

The PRESIDING OFFICER. The request will be modified accordingly.

Is there objection to the unanimous-consent request propounded by the Senator from Michigan?

Without objection, it is so ordered.

Mr. FERGUSON. I now make the motion, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the motion.

Mr. SALTONSTALL. Mr. President, I assign 4 minutes to the Senator from Michigan.

Mr. FERGUSON. Mr. President, will the Senator from Florida yield, so that we may take up this matter, of course

without causing the Senator from Florida to yield the floor.

Mr. PEPPER. Mr. President, I shall be very glad to defer—

The PRESIDING OFFICER. The floor is now under the control of the Senator from Massachusetts, who has yielded 4 minutes to the Senator from Michigan. The Senator from Michigan has the floor.

Mr. PEPPER. Mr. President, the Senator from Florida has the floor, and has yielded to the Senator from Michigan to propound the request.

The PRESIDING OFFICER. The request was agreed to, and there is to be 7 minutes' debate on each side.

Mr. SALTONSTALL. Mr. President, in order to avoid any controversy, I ask unanimous consent that when this particular discussion is concluded, the Senator from Florida again be recognized.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PEPPER. Mr. President, in view of the nature of the request and the importance of this matter and the fact that it relates to a conference report, although I hate to be, as it were, taken off my feet right in the middle of what I was saying, I yield for this purpose.

Mr. FERGUSON. Mr. President, I desire to state the position in which the Senate finds itself at the present moment. We have been in conference for 3 or 4 days, during which time we have endeavored to get a settlement of the three items involving the building of a steam plant at New Johnsonville, Tenn., for the TVA. The bill now carries assent from the Senate to \$4,000,000. The total cost of that would be \$54,000,000, plus about \$30,000,000 for transmission lines and various accessories to the steam plant. I had advocated on the floor that the steam plant be not included. I assigned the reasons for that, and I do not care now to discuss them as to the stand I have taken.

The House had taken a vote on this same issue, which was 192 to 152. The Senate took a vote by yeas and nays, which was carried 45 to 37. We found later, this situation which is unusual. We face the real probability, not the possibility, but the probability, of getting no bill at all unless we recede. The proper procedure is that the House should vote first, but there is no way the Senate can compel the House to vote first. Rather than to have no bill a method was conceived and brought to the floor. I am of the opinion that if we want a bill we should recede. That shall be my vote. Every other Senator will, of course, have reasons for voting either for or against the steam plant, and will have to decide for himself how he should vote.

Mr. BARKLEY. Mr. President, I yield 2 minutes to the Senator from Georgia.

Mr. RUSSELL. Mr. President, I wish to say to the Senate that in my judgment the issue here presented far transcends in importance the mere question of whether we shall proceed with the construction of the steam plant at New Johnsonville, Tenn. There is involved the broader question as to whether we insist that all the ordinary parliamen-

tary processes through which it is necessary that legislation should pass, if it shall ever be enacted, should be observed. This is the first time in my experience as a conferee that we have been met with the flat refusal of the Representatives of the other body to submit the matter to the House for a yea-and-nay vote when the conference could not agree and the matter at issue had been inserted by the Senate on a record vote.

Mr. President, I have seen on other occasions items in appropriation bills where there would be as many as four yea-and-nay votes in each House of Congress before the matter was finally determined. When conferees meet and cannot agree on any one item and have reconciled some 25 or 30 other matters at issue, the proper course is to sign a conference report and report back to the respective Houses the items in disagreement. In this case the conferees either have agreed, or can shortly agree, upon every one of the other 30 or 40 amendments to the bill, save and except this one. In the ordinary normal course of parliamentary procedure the report should go back to the House with the conference report signed as to the matters in agreement, and let the House take action on the matters in disagreement. After they have acted the papers can be messaged here and the Senate can determine its course. Until now, we have not had a free conference on this item, because of the fact that we were met with what amounted to an ultimatum that unless the Senate receded there would be no bill.

In these circumstances, Mr. President, we are not voting merely upon the New Johnsonville steam plant, we are voting to preserve the regular processes of parliamentary procedure, and in this case the Senate should vote down the motion to recede and overwhelmingly vote to insist, in order that we may not set a precedent here that will defeat legislation and degrade the Senate in the future. The matter should go back to the House. If the House then stands adamant in its position, that will be time enough to talk about a recession on the part of the Senate. Conference committees are the servants, not the masters, of the authority appointing them. When they cannot agree on important matters they should report the matters in agreement and ask for further instructions.

Mr. BARKLEY. Mr. President, I yield 1 minute to the Senator from California [Mr. KNOWLAND].

Mr. KNOWLAND. Mr. President, I am not going to prolong the arguments that we discussed quite fully in regard to the steam plant at New Johnsonville, except to say that after listening to the arguments before the committee, I became convinced the plant was essential to the firming up of the power for the TVA, and that unless they have the opportunity of firming up the power, in my judgment it will throttle the development of that great area of our Nation.

I desire to join with my colleague, the Senator from Georgia, in saying it seems to me we should by all means insist on the committee amendments and refuse to recede at this time. After all, this

is a two-House Congress, and if we are going to conduct the legislative business in the proper way I believe that the Senate of the United States has a right to expect that at least the House will act on the conference report with a yea-and-nay vote.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BARKLEY. Mr. President, I yield myself 1 minute merely to say that the Senator from Michigan [Mr. FERGUSON] is slightly in error in saying the House voted on the proposition. What happened was, they voted on a motion to recommit, which was an indirect vote. They have never had a direct vote on this proposal. The motion to recommit was a motion to recommit the entire bill, not this particular item. It is not accurate to say they have voted directly on the amendment.

As the Senator from Georgia and other Senators have said, it seems to me the Senate should stand by its position, and that the House should take the amendment and vote upon it directly so we may have an expression of the views of the House.

Mr. KEM. Mr. President, will the Senator from Kentucky yield?

Mr. BARKLEY. My time has expired.

Mr. KEM. May I ask the Senator a question?

Mr. BARKLEY. I have no more time.

Mr. KEM. I should like to ask the Senator from Kentucky if the motion to recommit in the House did not contain the steam plant amendment, so that in effect it was a direct vote on that question?

Mr. BARKLEY. That is true; but it was not a direct vote. The vote was to recommit the whole bill, not merely the amendment.

Mr. KEM. It contained the steam plant amendment, did it not?

Mr. BARKLEY. It included all the items of the bill.

Mr. SALTONSTALL. Mr. President, I yield myself the remaining 3 minutes. I would simply say to my colleagues in the Senate that I am a new member of the conference committee, by reason of the resignation of the Senator from Nebraska [Mr. WHERRY] from that committee. I became convinced, sitting in the conference for the few minutes I was present, that we could not expect the House conferees to make any change in their votes. They refused to take the matter back to the House. The chairman of the committee was the Senator from Michigan [Mr. FERGUSON] who on the floor of the Senate had voted against the so-called steam plant. I personally voted with him as against the steam plant, but we both thought, and the other conferees thought, we should ask the Senate for its position on the matter. It is important because there are various other matters in the appropriation bill affecting various Government corporations, which will have to be taken care of by means of a joint resolution if we cannot get together. That is the importance of the issue. It is for each Member of the Senate to decide for himself whether to substantiate his previous position or not.

Mr. KEM. Mr. President, I suggest the absence of a quorum.

Mr. FERGUSON. Mr. President, will the Senator withhold the suggestion until we use the remainder of our time? Has the time expired?

The PRESIDING OFFICER. No. The Senator from Massachusetts has 3 minutes, the Senator from Kentucky, 2.

Mr. SALTONSTALL. I assign the remainder of my time to the Senator from Michigan.

Mr. FERGUSON. Mr. President, I shall not use all of the time that has been yielded to me. I do not think this is a matter of precedent. I think the rules of the Senate should be such as to permit us to meet situations as they arise. We cannot be held by precedent. We cannot vote or refuse to vote on a question merely because we think it will establish a precedent.

Mr. President, I want to say that I shall vote "aye," which will mean a vote to recede from insisting on the building of the steam plant. In other words, an "aye" vote would mean that the Senate would recede from the building of the steam plant and the appropriation of \$4,000,000 to start the breaking of the ground and the initial start of the steam plant.

That is all I have to say at the present time.

Mr. BARKLEY. Mr. President, I yield to the Senator from Tennessee the remainder of the time allotted to me.

Mr. McKELLAR. Mr. President, I have been attending conferences for more than 32 years, but I have never seen a conference before that was conducted in the way in which this conference was conducted. I want to say that the Senate Members, even those who differed with me, were exceedingly considerate all the time. The House members declined to consider the question of the steam plant of the Tennessee Valley Authority at all. They said they had made up their minds on the steam plant—that they were not going to recede. They took part in the discussion, but they did not yield or discuss any method of getting together. I have never before seen a conference of that kind. They laid the law down to us, put a pistol to our heads, so to speak, as it were, and said, "We will not consider what you may think about it." That was the situation. Under the circumstances, the chairman of the committee, Senator FERGUSON, acted very courteously and politely, and suggested that the Senate conferees would come back to the Senate for instructions, and here we are.

It seems to me that the Senate owes it to itself to stand by the position it previously took by a vote of 45 to 37. By that vote the Senate decided that the steam plant should be constructed. The House Members claimed that this question was involved in some motion to recommit made in the House, but that was not a vote upon the question in the House as we voted upon it in the Senate. We voted on the direct question of building this particular steam plant. The House voted on a general motion to recommit.

I hope the Senate will vote as it previously voted and vote for the steam plant.

The PRESIDING OFFICER. The Senator from Massachusetts has a minute remaining.

Mr. SALTONSTALL. I yield my time to the Senate and suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hatch	Murray
Baldwin	Hawkes	Myers
Ball	Hayden	O'Connor
Barkley	Hickenlooper	O'Mahoney
Brewster	Hill	Pepper
Bricker	Hoey	Reed
Bridges	Holland	Revercomb
Brooks	Ives	Robertson, Va.
Buck	Jenner	Russell
Butler	Johnson, Colo.	Saltonstall
Byrd	Johnston, S. C.	Smith
Cain	Kem	Sparkman
Capehart	Kilgore	Stennis
Chavez	Knowland	Stewart
Connally	Langer	Taft
Cooper	Lucas	Taylor
Cordon	McCarthy	Thomas, Okla.
Donnell	McClellan	Thye
Downey	McFarland	Tobey
Dworshak	McGrath	Tydings
Eastland	McKellar	Umstead
Eaton	McMahon	Vandenberg
Ellender	Magnuson	Watkins
Feazel	Malone	Wherry
Ferguson	Martin	Wiley
Flanders	Maybank	Williams
Fulbright	Millikin	Young
Green	Moore	
Gurney	Morse	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present.

The Chair asks the clerk, for the purposes of the record and the information of the Senate, to read the three amendments from which the Senator from Michigan asks the Senate to recede.

The CHIEF CLERK. On page 2, line 5, after the word "vehicle", to strike out "\$27,389,061" and insert "\$30,972,061"; on page 2, line 9, to strike out "\$21,689,000" and insert "\$25,689,000"; and on page 2, line 11, after the word "dams", insert the words "one steam plant at New Johnsonville, Tenn."

Mr. KEM and other Senators asked for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. KILGORE (when his name was called). I have a pair on this vote with the senior Senator from Georgia [Mr. GEORGE], who is absent because of a death in his family. If he were present he would vote "nay." If I were permitted to vote, I would vote "yea."

The roll call was concluded.

During the calling of the roll,

Mr. MILLIKIN. Mr. President, is it in order to ask what is the question before the Senate?

The PRESIDING OFFICER. The question is on the motion the junior Senator from Michigan [Mr. FERGUSON] to recede from the position the Senate has taken on the Tennessee Valley Authority amendment providing for the steam plant.

Mr. MILLIKIN. A vote "yea" is to recede?

The PRESIDING OFFICER. A vote "yea" is a vote to recede.

The Chief Clerk resumed and concluded the call of the roll.

Mr. WHERRY. I announce that the Senator from South Dakota [Mr. BUSHFIELD], the Senator from Kansas [Mr. CAPPER], the Senator from Massachusetts [Mr. LODGE], the Senator from Wyoming [Mr. ROBERTSON], the Senator from Maine [Mr. WHITE], and the Senator from Iowa [Mr. WILSON] are necessarily absent. If present and voting, the Senator from Massachusetts [Mr. LODGE] and the Senator from Wyoming [Mr. ROBERTSON] would vote "yea."

Mr. LUCAS. I announced that the Senator from Georgia [Mr. GEORGE] is absent because of a death in his family.

The Senator from Nevada [Mr. MCCARRAN], the Senator from Texas [Mr. O'DANIEL], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Utah [Mr. THOMAS] is absent by leave of the Senate, having been appointed a national delegate by the President to the annual conference of the International Labor Organization, meeting in San Francisco, Calif.

If present and voting, the Senator from Nevada [Mr. MCCARRAN], the Senator from Utah [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] would vote "nay."

The result was announced—yeas 37, nays 47, as follows:

YEAS—37

Baldwin	Gurney	Robertson, Va.
Ball	Hawkes	Saltonstall
Brewster	Hickenlooper	Smith
Bricker	Ives	Taft
Bridges	Jenner	Thye
Brooks	Kem	Tobey
Buck	McCarthy	Umstead
Byrd	Malone	Vandenberg
Cain	Martin	Watkins
Capehart	Millikin	Wiley
Dworshak	Moore	Williams
Eaton	Reed	
Ferguson	Revercomb	

NAYS—47

Aiken	Hayden	Morse
Barkley	Hill	Murray
Butler	Hoey	Myers
Chavez	Holland	O'Connor
Connally	Johnson, Colo.	O'Mahoney
Cooper	Johnston, S. C.	Pepper
Cordon	Knowland	Russell
Donnell	Langer	Sparkman
Downey	Lucas	Stennis
Eastland	McClellan	Stewart
Ellender	McFarland	Taylor
Feazel	McGrath	Thomas, Okla.
Flanders	McKellar	Tydings
Fulbright	McMahon	Wherry
Green	Magnuson	Young
Hatch	Maybank	

NOT VOTING—12

Bushfield	Lodge	Thomas, Utah
Capper	McCarran	Wagner
George	O'Daniel	White
Kilgore	Robertson, Wyo.	Wilson

So Mr. FERGUSON's motion was rejected.

Mr. FERGUSON. Mr. President, I understand that no further motion is necessary. Is that correct?

Mr. HILL. That was my understanding.

AMENDMENT OF THE TRADING WITH THE ENEMY ACT

The PRESIDING OFFICER (Mr. BRICKER in the chair) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 4044) to amend the Trading With the Enemy Act, as

amended; to create a commission to make an inquiry and report with respect to war claims; and to provide for relief for internees in certain cases, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. REVERCOMB. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. REVERCOMB. I want to say that this is the second interruption we have had upon the consideration of a privileged matter, which is the DP conference report. A few moments ago there was an interruption and we were told that it would occupy but a few minutes to dispose of a matter, but extended debate occurred. I shall object from now on to the consideration of any further matters until we complete action on the pending privileged business.

Mr. SALTONSTALL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SALTONSTALL. Was it not the unanimous-consent agreement that at the conclusion of the vote the Senator from Florida should have the floor.

The PRESIDING OFFICER. That was agreed to by unanimous consent.

Mr. SALTONSTALL. If the Senator from West Virginia will yield, I will say that it is my understanding that it is not expected that there will be any further interruption before action on the DP measure is completed.

Mr. REVERCOMB. I am glad to hear that. I shall object to any further interruptions until the completion of the consideration of the conference report.

The PRESIDING OFFICER. Does the Senator from West Virginia object to action being taken on the conference report?

Mr. WILEY. Mr. President, all that is required now is the appointment of conferees.

Mr. REVERCOMB. How much time does the Senator expect will be required.

Mr. WILEY. All that is necessary is that a motion be adopted and that the Chair appoint the conferees.

Mr. REVERCOMB. Very well.

Mr. WILEY. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. WILEY, Mr. COOPER, and Mr. MAGNUSON conferees on the part of the Senate.

ADMISSION OF DISPLACED PERSONS—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2242) to authorize for a limited period of time the admission into the United States of certain European displaced persons for permanent residence, and for other purposes.

Mr. PEPPER. Mr. President, I shall make my remarks very brief.

and administration, through study at appropriate schools or colleges in the United States and supplementary field work and observation of public-health work, to not more than 90 Filipinos, to be designated by the President of the Philippines subject to the provisions of section 311 (c), and not to exceed 5 months of training in such methods and administration, through field work and observation of public-health work, to not more than 10 additional Filipinos, to be so designated. It may replace equipment and supply reasonably necessary additional equipment, utilizing for this purpose, so far as possible, surplus property, and may recommend to the Commission the repair or construction under the provisions of section 304, at any time prior to July 1, 1950, of buildings deemed essential to the rehabilitation of public health and quarantine functions."

Mr. TAFT. I move that the Senate concur in the amendment of the House. The motion was agreed to.

APPROPRIATIONS OF GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES—CONFERENCE REPORT

Mr. FERGUSON. I submit a conference report on House bill 6481, making appropriations for the Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes, and I ask unanimous consent to its immediate consideration.

The PRESIDING OFFICER. The conference report will be read.

The conference report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6481) making appropriations for the Government corporations and independent executive agencies for the fiscal year ending June 30, 1949 and for other purposes having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 5, 8, and 21.

That the House recede from its disagreement to the amendments of the Senate numbered 6, 9, 11, 12, 15, 17, 19, 22, 23, 27, 28, 29, 30, 31, 32, and 33, and agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$2,300,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$9,500,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$330,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$30,000,000"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows:

Restore the matter stricken out by said amendment, amended to read as follows: "Provided further, That the Corporation is authorized to pay not to exceed \$1,482.90 for services actually rendered by former employees during the fiscal year 1947 and for which there is no present authority to pay, as follows: L. Brown, \$120.06; W. Finch, \$140.11; J. Johnson, \$116.16; S. Jones, \$86.31; R. Neely, \$148.71; G. Sanders, \$103.19; N. L. Sanders, \$123.82; G. Walker, \$130.78; W. Winfield, \$183.37; W. Scruggs, \$153.60; E. Donley, \$102.68; H. Thomas, \$74.11"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 3, 7, 13, 16, 24, and 26.

HOMER FERGUSON,
CLYDE M. REED,
LEVERETT SALTONSTALL,
KENNETH McKELLAR,
RICHARD B. RUSSELL,

Managers on the Part of the Senate.

WALTER C. PLOESER,
BEN F. JENSEN,
F. R. COUDERT, Jr.,
CLIFF CLEVINGER,
GEORGE MAHON,
JAMIE L. WHITTEN,
ALBERT GORE,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the conference report?

There being no objection, the report was considered and agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 6481, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,

June 19, 1948.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 7 to the bill (H. R. 6481) making appropriations for Government corporations and independent agencies for the fiscal year ending June 30, 1949, and for other purposes, and concur therein with an amendment as follows: Before the period at the end thereof, insert: "Provided further, That section 304 (b) of the Government Corporation Control Act, as amended (Public Law 248, approved December 6, 1945), shall not be applicable with respect to the Panama Railroad Company until after June 30, 1949."

That the House recede from its disagreement to the amendment of the Senate numbered 13 to said bill and concur therein with an amendment as follows: After "plus accrued dividends thereon" insert: "which, notwithstanding any other provision of law, shall be computed at a rate approximating the average interest cost incurred by the Home Owners' Loan Corporation on its total borrowings during each respective fiscal year."

That the House recede from its disagreement to the amendment of the Senate numbered 16 to said bill and concur therein with an amendment as follows: In lieu of the matter proposed to be stricken out and inserted by the said amendment, insert the following: "not later than July 30, 1948, as of June 30, 1948 (the corporate records for the fiscal year 1948 to be closed by Defense Homes Corporation prior to actual transfer thereof)."

That the House recede from its disagreement to the amendment of the Senate numbered 24 to said bill and concur therein with an amendment as follows: In lieu of the matter proposed to be inserted by the said amendment, insert the following: "Provided further, That notwithstanding pro-

visions of law to the contrary, in addition to the foregoing the Corporation is authorized to utilize, from the revolving fund created by section 84 of the Farm Credit Act of 1933 (12 U. S. C. 1148a), such sums as may be necessary (a) to make loans, during a period of five years, to bona fide fur farmers in accordance with the provisions of section 201 (e) of the Emergency Relief and Construction Act of 1932, as amended (12 U. S. C. 1148), all such loans to carry full personal liability of the borrowers and to be secured by such collateral as is deemed by the Corporation to be necessary to afford reasonable assurance of repayment, the aggregate principal amount of which loans shall not exceed \$4,000,000 outstanding at any one time, and (b) not to exceed \$25,000 for administrative expenses of the Corporation and the Farm Credit Administration in connection with such loans, which amount and the aforesaid item of \$146,800 may be combined for accounting purposes."

That the House recede from its disagreement to the amendment of the Senate numbered 26 to said bill and concur therein with an amendment as follows: In lieu of the matter proposed to be inserted by the said amendment, insert the following:

"DEPARTMENT OF THE INTERIOR

"VIRGIN ISLANDS COMPANY

"Section 304 (b) of the Government Corporation Control Act, as amended (Public Law 248, approved Dec. 6, 1945), shall not be applicable with respect to the Virgin Islands Company until after June 30, 1949.

"The Virgin Islands Company is authorized to borrow from the Treasury of the United States not to exceed \$500,000, for which purpose there is hereby appropriated out of any money in the Treasury not otherwise appropriated \$500,000. The Secretary of the Treasury is authorized to make such loans to the Company for repayment not later than 1 year after the making thereof, at rates of interest determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of any such loan to the Company.

"Not to exceed \$97,880 of the funds available to the Company shall be available for administrative expenses (to be computed on an accrual basis), including salaries of officers, Washington office personnel, and the accounting, purchasing, and pay-roll departments; clerical services; traveling, automobile, office, and sundries expenses; stationery and office supplies; telephone and telegraph; postage; dues and subscriptions; repairs, and maintenance of office buildings and equipment; employees' welfare; and public relations: *Provided*, That such total sum shall be inclusive of the gross amounts of the foregoing categories of expenses before apportionment of any part thereof to manufacturing or other expenses: *Provided further*, That such administrative expenses shall be exclusive of salaries of the engineering and shipping departments, storekeepers, and plant clerical personnel; interest expense; bank service charges; audit fees; and depreciation."

That the House insist upon its disagreement to the amendments of the Senate numbered 1, 2, and 3 to said bill.

Mr. FERGUSON. I move that the Senate agree to the amendments of the House to the amendments of the Senate numbered 7, 13, 16, 24, and 26.

The motion was agreed to.

Mr. FERGUSON. I now move that the Senate recede from its amendments numbered 1, 2, and 3.

The motion was agreed to.

SUPPLEMENTAL APPROPRIATIONS FOR EXECUTIVE OFFICE AND SUNDRY INDEPENDENT EXECUTIVE BUREAUS, ETC.—CONFERENCE REPORT

Mr. REED. I submit a conference report on House bill 6329, making supplemental appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1949, and for other purposes, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The conference report will be read.

The conference report was read.

(For conference report, see House proceedings of today's RECORD.)

The PRESIDING OFFICER. Is there objection to the immediate consideration of the conference report?

There being no objection, the report was considered and agreed to.

AMENDMENT OF TRADING WITH THE ENEMY ACT RELATING TO CERTAIN WAR CLAIMS—CONFERENCE REPORT

Mr. COOPER. Mr. President, I submit a conference report on House bill 4044, to amend the Trading With the Enemy Act, as amended; to create a commission to make an inquiry and report with respect to war claims; and to provide for relief for internees in certain cases, and I ask unanimous consent for immediate consideration.

The PRESIDING OFFICER. The report will be read.

The conference report was read.

(For conference report, see House proceedings of today's RECORD.)

The PRESIDING OFFICER. Is there objection to the immediate consideration of the conference report?

There being no objection, the report was considered and agreed to.

PENSACOLA NATIONAL MONUMENT—REPORT OF A COMMITTEE

Mr. GURNEY. Mr. President, from the Committee on Armed Services, I ask unanimous consent to report favorably with amendments the bill (H. R. 3416) to provide for the establishment of the Pensacola National Monument, and I submit a report (No. 1771) thereon.

The PRESIDING OFFICER. Without objection, the bill and report will be received, and the report will be printed.

Mr. MORSE. Mr. President, there is at the desk House bill 3416, which is a bill unanimously approved by the Armed Services Committee. It seeks to create a national monument at Pensacola, Fla. It requires the addition of some amendments. I now ask unanimous consent for the present consideration of House bill 3416, so that it may be sent to the House as proposed to be amended. I am confident that there will be no objection to the bill.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 3416) to provide for the establishment of the Pensacola National Monument.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Armed Services with amendments, on page 1, line 3, after "authorized" to strike out "and directed to acquire on" and to insert "to receive on"; in line 4, after "United States", to strike out "by transfer, gift, purchase, condemnation, or otherwise"; in line 8, to strike out "War Department" and insert "Department of the Army."; in line 9, after "Navy Department", to insert "and transferred in accordance with existing law."

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

THE HOUSING ACT

Mr. CAPEHART. Mr. President, I am a member of the Committee on Banking and Currency, which handles housing matters. I have been through the housing question for approximately 3 years. I do not wish to argue the merits of the Taft-Ellender-Wagner bill. I do not wish to argue the merits of the House bill, but I do wish to make one observation, and I make it because I feel that we should do something here tonight in respect to housing.

It seems to me that some of us in the Senate are taking the same position that we accuse certain Members of the House of taking. We accuse certain Members in the House of denying the House the right to vote upon the Taft-Ellender-Wagner bill. It seems to me that tonight we are likewise denying the Senate the right to consider the housing bill, knowing that any Senator can offer the Taft-Ellender-Wagner bill as a complete substitute for the House bill. I do not know whether the chairman of the House Banking and Currency Committee would take the bill to conference or not. I have no way of knowing. But we are acting in the same way that we are accusing the chairman of the Housing Banking and Currency Committee of acting. That is, we are bowing our necks and saying, "Unless we can have our way we will not take anything."

I believe in all fairness that we should permit the unanimous-consent agreement, and if some Senator wishes to offer the Taft-Ellender-Wagner bill as a complete substitute, put it up to the Senate and let the Senate vote on it and send it back to the House. If the House does not care to consider it, it seems to me that the responsibility will be upon the House, and not upon us.

Mr. WHERRY. Mr. President, I believe that we have exhausted the patience of the distinguished Senator from Louisiana. He has been very patient about withholding his objection. I should like to ask him once again, in the light of what has been said, the mechanical situation, and the parliamentary procedure through which we must go, if he does not feel that we might take up the House bill, let the Senate do what it pleases so far as amendments are concerned, and send it back to the House for consideration.

Mr. ELLENDER. Mr. President, I renew my objection.

Mr. TAFT. Mr. President, I ask that the Senate proceed to the consideration of House bill 6959; that all of that bill after the enacting clause be stricken out and that there be inserted the provisions of Senate bill 866, heretofore passed by the Senate; that the Senate insist upon its amendments and ask for a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

Mr. President, we passed a housing bill. It was considered for months in the House. Instead of taking that bill, as the House should have done, and substituting what it wished and sending it to conference, it refused to consider the Senate bill. It put the Senate bill aside and wrote a bill of its own and now sends it over here on the last day of the session.

I have not been able to read all of the provisions of the House bill. As we know, if we debate the question of whether or not to adopt a substitute for the House bill, and the various provisions of the bill, it will require another week, as it did before. It seems to me that the proper way to do is to say, "We passed a bill. We will substitute that bill for the House bill and send it to conference." Then we shall have an opportunity, for example, to correct the provision which was pointed out by the FHA, in which the GI-loan provision does not cover 80 percent of the GI loans in the secondary market. I believe that the most important single thing we can do to keep up the flow of housing is to provide that secondary market. A small committee can consider the two bills and try to reconcile them in some way that may be satisfactory to both Houses.

The suggestion I have made, to take up the bill in one unanimous request, substitute the Senate bill and send it to conference, is the reasonable thing to do at this time.

It has been said that the chairman of the House committee will not agree to a conference. I cannot believe that any such arbitrary position could be taken.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Ohio?

Mr. ELLENDER. I object.

Mr. MCCARTHY. Mr. President, I think the record should be absolutely clear at this time, in the closing hours of the session, as to just who is blocking housing.

First, I thank the Senator from Ohio for the attitude he has taken and congratulate him. He is always a reasonable man. He has demonstrated it again.

The only way we can get housing legislation of any kind—and the Senator from Louisiana, who is blocking this housing legislation, knows it—is by taking up the House bill in the manner suggested by the Senator from Ohio. We all know that there are many things about the bill which the Senate has passed that we do not like. There is also much debris in the House bill. But the only way we can get sensible housing legislation is to have the conferees get together tonight and reconcile the differences.

allotment of \$250,000 to each State for the construction of hospitals, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 4, strike out "\$250,000" and insert "\$100,000."

Amend the title so as to read: "An act to amend section 624 of the Public Health Service Act so as to provide a minimum allotment of \$100,000 to each State for the construction of hospitals.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

CLAIMS OF CERTAIN PERSONS OF JAPANESE ANCESTRY

Mr. GWYNNE of Iowa. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 3999) to authorize the Attorney General to adjudicate certain claims resulting from evacuation of certain persons of Japanese ancestry under military orders, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, lines 3 and 4, strike out "adjudicate" and insert "determine according to law."

Page 1, lines 7 and 8, strike out "and is substantiated in such manner as the Attorney General may prescribe."

Page 1, line 9, after "limitation", insert "as to amount."

Page 2, line 13, strike out all after "therefrom." down to and including "case." in line 18.

Page 3, lines 3 and 4, strike out "who is otherwise resident in a foreign country" and insert "by and on behalf of any alien who on December 7, 1941, was not actually residing in the United States."

Page 3, line 13, strike out "and."

Page 3, line 16, strike out "suffering." and insert "suffering; and."

Page 3, after line 16, insert:

"(5) for loss of anticipated profits or loss of anticipated earnings."

Page 3, lines 22 and 23, strike out "Any relevant evidence having probative value shall be considered by the Attorney General in his inquiries."

Page 4, line 6, strike out all after "General." down to and including "same." in line 9.

Page 4, line 14, strike out all after "of" where it appears the second time down to and including "the" in line 17 and insert "service. The."

Page 4, line 24, strike out "dispose of" and insert "adjudicate."

Page 5, line 10, after "name", insert "and address."

Page 5, line 12, after "case", insert "and the reasons for each adjudication."

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

SALE OF INTERESTS IN ESTATES OF DECEASED CROW INDIAN ALLOTTEES

Mr. D'EWART. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 2352) to provide for sale to the Crow Tribe of interests in the estates of deceased Crow Indian allottees, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 3, after line 11 insert:

"Sec. 4. That the Secretary of the Interior with the consent, in writing, of the tribal council representing the Indians of the Kiowa, Comanche, and Apache Reservation, is hereby authorized and directed to sell and convey to the Board of County Commissioners of Comanche County, Okla., for public purposes, to wit: A site for a county hospital for said county upon such terms and conditions as he may prescribe—ten acres from the north one-half of section 30, township 2 north, range 11 west, Indian meridian, and more definitely described as follows:

"The southeast quarter of the southeast quarter of the northwest quarter of said section 30, township 2 north, range 11 west, Indian meridian: *Provided*, That out of the proceeds of such sale the sum of \$1.25 per acre shall be credited to the general fund of the United States Treasury and the balance shall be deposited in the United States Treasury to the credit of the tribal fund of Indians of the said Kiowa, Comanche, and Apache Reservation.

Amend the title so as to read: "An act to provide for sale to the Crow Tribe of interests in the estates of deceased Crow Indian allottees, and to provide for the sale of certain lands to the Board of County Commissioners of Comanche County, Okla., and for other purposes."

The SPEAKER. Is there objection to the request of the gentlemen from Montana?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

APPROPRIATIONS FOR GOVERNMENT CORPORATIONS AND INDEPENDENT EXECUTIVE AGENCIES, 1949

Mr. PLOESER submitted the following conference report and statement on the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6481) making appropriations for the Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 5, 8, and 21.

That the House recede from its disagreement to the amendments of the Senate numbered 6, 9, 11, 12, 15, 17, 19, 22, 23, 27, 28, 29, 30, 31, 32, and 33, and agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amend-

ment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$2,300,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$9,500,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$330,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$30,000,000"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows:

Restore the matter stricken out by said amendment amended to read as follows: "Provided further, That the Corporation is authorized to pay not to exceed \$1,482.90 for services actually rendered by former employees during the fiscal year 1947 and for which there is no present authority to pay, as follows: L. Brown, \$120.06; W. Finch, \$140.11; J. Johnson, \$116.16; S. Jones, \$86.31; R. Neely, \$148.71; G. Sanders, \$103.19; N. L. Sanders, \$123.82; G. Walker, \$130.78; W. Winfield, \$183.37; W. Scruggs, \$153.60; E. Donley, \$102.68; H. Thomas, \$74.11"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 3, 7, 13, 16, 24, and 26.

WALTER C. PLOESER,
BEN F. JENSEN,
F. R. COUDERT, Jr.,
CLIFF CLEVINGER,
GEORGE MAHON,
JAMIE L. WHITTEN,
ALBERT GORE,

Managers on the Part of the House.

HOMER FERGUSON,
CLYDE M. REED,
LEVERETT SALTONSTALL,
KENNETH MCKELLAR,
RICHARD B. RUSSELL,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes, submit the following report in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Amendment No. 1 is reported in disagreement.

Amendment No. 2 is reported in disagreement.

Amendment No. 3 is reported in disagreement.

Amendment No. 4 appropriates to the Public Housing Administration \$4,840,000, as proposed by the House, for payments of annual contributions to locally owned low-rent housing projects, instead of \$6,200,000, as proposed by the Senate.

Amendment No. 5 restores the provision of the House bill requiring that no part of the appropriation to the Public Housing

Administration for annual contributions to low-rent housing projects be paid to such projects making payments in lieu of taxes in excess of the amount specified in the original contract between such projects and the Public Housing Administration.

TITLE II

Amendment No. 6 changes the effective time when the Board of Directors of the Panama Railroad Company are required to declare and pay a dividend to the Treasury of the United States from "immediately upon the enactment of this Act" to "prior to July 31, 1948".

Amendment No. 7 is reported in disagreement.

Amendment No. 8 restores the provision of the House bill limiting the amount of funds available for liquidation of the Tennessee Valley Associated Cooperatives, Inc., and requiring this corporation to be liquidated and dissolved at the earliest practicable date without additional appropriations therefor.

Amendment No. 9, relating to the standard under which the Reconstruction Finance Corporation shall account for its administrative expenses, changes the requirement of the House bill so that "generally recognized" accounting principles and practices must be followed.

Amendment No. 10 authorizes not to exceed \$2,300,000 for administrative expenses of the Home Owners' Loan Corporation, instead of not to exceed \$2,250,000, as proposed by the House, and not to exceed \$2,500,000, as proposed by the Senate.

Amendments Nos. 11 and 12 authorize the Secretary of the Treasury to cancel bonds of the Home Owners' Loan Corporation as proposed by the Senate, instead of capital stock as proposed by the House, upon transfer of the capital stock of the Federal Savings and Loan Insurance Corporation from the Home Owners' Loan Corporation to the Treasury.

Amendment No. 13 is reported in disagreement.

Amendment No. 14 authorizes not to exceed \$9,500,000 for administrative expenses of the Public Housing Administration, instead of not to exceed \$9,000,000, as proposed by the House, and \$10,000,000, as proposed by the Senate.

Amendment No. 15 requires the capital stock of the Defense Homes Corporation to be transferred to the Reconstruction Finance Corporation, as proposed by the Senate, instead of to the Secretary of the Treasury, as proposed by the House.

Amendment No. 16 is reported in disagreement.

Amendment No. 17 authorizes not to exceed \$3,000 of the funds of the Housing and Home Finance Agency available for travel expenses to be used for attendance at meetings, as proposed by the Senate.

Amendment No. 18 authorizes payment by the Federal intermediate credit banks to the Farm Credit Administration for services rendered in amount not to exceed \$330,000, instead of not to exceed \$373,600, as proposed by the House, and not to exceed \$223,600, as proposed by the Senate.

Amendment No. 19 authorizes not to exceed \$1,500,000 for administrative expenses of the production credit corporations, as proposed by the Senate, instead of not to exceed \$1,350,000, as proposed by the House.

Amendments Nos. 20 and 21 provide that the production credit corporations shall return Government capital of not less than \$30,000,000, instead of not less than \$60,000,000, as proposed by the House, and not less than \$20,000,000, as proposed by the Senate, and that such capital be carried to the surplus fund and covered into the Treasury, as proposed by the House, instead of being returned to the production credit corporations revolving fund authorized in title 12 of the

United States Code, as proposed by the Senate.

Amendment No. 22 authorizes not to exceed \$146,800 for administrative expenses of the Regional Agricultural Credit Corporation of Washington, D. C., as proposed by the Senate, instead of not to exceed \$46,800, as proposed by the House.

Amendment No. 23 authorizes payment by the Regional Agricultural Credit Corporation of Washington to the Farm Credit Administration for services rendered in amount not to exceed \$21,000, as proposed by the Senate, instead of not to exceed \$12,500, as proposed by the House.

Amendment No. 24 is reported in disagreement.

Amendment No. 25 authorizes the Inland Waterways Corporation to pay not to exceed \$1,482.90 for services actually rendered by 12 former employees who had been reemployed after having engaged in a strike against the Government, for which the Corporation has no present authority to pay, instead of not to exceed \$3,918.43 for 18 such former employees, as proposed by the House, and the elimination of any such authority, as proposed by the Senate.

In recommending authority to pay certain of such former employees to the exclusion of others, it is the intention of the managers on the part of both Houses that such action shall not be construed as a bar or a limitation on the rights of any of such former employees of this Corporation to make or prosecute claims for funds alleged to be owing to them.

Amendment No. 26 is reported in disagreement.

Amendment No. 27 provides that funds of the Federal Prison Industries, Inc., shall be available in amounts not to exceed \$338,000 during the fiscal year 1948 and \$380,000 during the fiscal year 1949 for expenses of vocational training of prisoners as authorized by the act of May 11, 1948 (Public Law 521), as proposed by the Senate.

TITLE III

Amendment No. 28 strikes out, as proposed by the Senate, the provision of the House bill increasing the salaries of the Governor of the Farm Credit Administration and the Housing and Home Finance Administrator.

Amendment No. 29 changes the number of a section of the bill.

Amendments Nos. 30, 31, and 32 strike from the bill language, proposed by the House, to forbid employment by agencies included in the bill of members of labor organizations the officers of which are not in compliance with the Labor-Management Relations Act, 1947.

Amendment No. 33 changes the number of a section of the bill.

AMENDMENTS IN DISAGREEMENT

Amendment No. 7, relating to the requirement that the Board of Directors of the Panama Railroad Company declare and pay a dividend of \$10,000,000 into the Treasury of the United States, if not otherwise required to be turned in to the Treasury under the provisions of the proposed Federal charter: The managers on the part of the House will move to recede and concur with an amendment.

Amendment No. 13, providing that the amount of bonds canceled by the Secretary of the Treasury upon receipt from the Home Owners' Loan Corporation of the outstanding capital stock of the Federal Savings and Loan Insurance Corporation shall equal the par value of such stock plus accrued dividends thereon: The managers on the part of the House will move to recede and concur with an amendment.

Amendment No. 16, relating to the effective date for the transfer of the stock, assets, liabilities, and records of the Defense Homes Corporation to the Reconstruction Finance

Corporation: The managers on the part of the House will move to recede and concur with an amendment.

Amendment No. 24, authorizing the Regional Agricultural Credit Corporation of Washington, D. C., to make loans to fur farmers and to incur administrative expenses in connection therewith: The managers on the part of the House will move to recede and concur with an amendment.

Amendment No. 26, authorizing the Virgin Islands Company to borrow \$500,000 from the Treasury; appropriating \$500,000 for this purpose; and enabling the company to continue its present operations until June 30, 1949: The managers on the part of the House will move to recede and concur with an amendment.

WALTER C. PLOESER,
BEN F. JENSEN,
F. R. COUDERT, Jr.,
CLIFF CLEVINGER,
GEORGE MAHON,
JAMIE L. WHITEN,
ALBERT GORE,

Managers on the Part of the House.

Mr. PLOESER. Mr. Speaker, I call up the conference report on the bill (H. R. 6481) making appropriations for Government corporations and independent executive agencies for the fiscal year ending June 30, 1949, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the statement.

Mr. MAHON. Mr. Speaker, will the gentleman yield?

Mr. PLOESER. I yield.

[Mr. MAHON addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. PLOESER. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

Mr. PLOESER. Mr. Speaker, I ask unanimous consent that Senate amendments Nos. 1, 2, and 3, which are in disagreement, be considered en bloc.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The SPEAKER. The Clerk will report the first three amendments in disagreement.

The Clerk read as follows:

Senate amendment No. 1: Page 2, line 5, strike out "\$27,389,061" and insert "\$30,972,061."

Senate amendment No. 2: Page 2, line 9, strike out "\$21,689,000" and insert "\$25,689,000."

Senate amendment No. 3: Page 2, line 11, after the word "dams", insert "one steam plant at New Johnsonville, Tenn."

Mr. PLOESER. Mr. Speaker, I offer a motion, which I send to the desk.

The Clerk read as follows:

Mr. PLOESER moves that the House insist on its disagreement to the amendments of the Senate Nos. 1, 2, and 3.

Mr. GORE. Mr. Speaker, I offer a preferential motion.

The Clerk read as follows:

Mr. GORE moves that the House recede and concur in Senate amendments Nos. 1, 2, and 3.

Mr. PLOESER. Mr. Speaker, I yield to the gentleman from Texas [Mr. MAHON] the ranking minority member of the committee, 25 minutes, to be yielded by him as he sees fit.

Mr. MAHON. Does the gentleman wish me to use some time now?

Mr. PLOESER. Yes.

Mr. MAHON. The gentleman will take an equal amount of time?

Mr. PLOESER. Yes.

Mr. MAHON. And will alternate speakers?

Mr. PLOESER. Yes. We want the last 10 minutes on this side.

Mr. MAHON. Mr. Speaker, I would like to say that the closing speaker on this side will be the gentleman from Mississippi [Mr. WHITTEN] and he will be recognized for 10 minutes just before the final time on the other side.

I now yield 10 minutes to the gentleman from Tennessee [Mr. GORE].

Mr. GORE. Mr. Speaker, I appreciate the long hours that we have been laboring together, but I trust that for a few minutes my colleagues will give me a respectful hearing on this important matter, despite the fatigue suffered by all.

The motion I have offered would concur in the Senate action, by which \$400,000,000 was appropriated for a steam generating plant.

What is the purpose of the steam plant here in disagreement? The purpose of the steam plant is to firm up the vast amount of hydroelectric power which is generated by the Tennessee Valley Authority, owned entirely by the Federal Government.

The issues involved here were debated rather fully in the House and I shall not go into them in detail. I think the RECORD shows, however, that since the matter left this body the issues have been further clarified. For one thing, some Members of this body seemed to be bothered or troubled as to whether the original TVA Act was broad enough in its authority to give authorization for this appropriation. That question, however, did not seem to trouble more than one or two Members of the other body. True, the question was raised, that very point of order was made, the able lawyers of the other body debated it, but the distinguished presiding officer, President pro tempore of the other body, ruled on the point of order and he ruled that the original TVA Act did authorize appropriations for the construction of steam plants.

Suffice it to say that up until this year that question has never been raised before and Congress has previously appropriated money to build a TVA steam plant.

Some additional clarification came out in the hearings and in the debates of the other body. For instance, it was argued here that this steam plant was not needed to supply energy to preferred customers.

That opinion, as set out in the committee report, seemed to be based upon testimony before the committee which Mr. Purcell Smith, the representative of the private power companies, admitted during the hearings of the Senate committee were incorrect. Omitted from preferred customers as referred to in the House committee report was the Federal Government, and in the TVA Act the Federal Government and its agencies have top priority even over the local REA's and municipalities.

I have here a letter from the Atomic Energy Commission which I shall read. When this question was before the House we did not seek to justify it on any grounds other than a necessary addition to generating capacity to meet normal peacetime growth of our demand for electricity. We did recognize, of course, and make reference to the war plants located in the valley. I did not know how much electricity the atomic energy plant at Oak Ridge used or needed now or would need in the future, and I so said in debate. Perhaps I was derelict in my duties, but I have not tried to find out too much about the atomic energy plant. Nevertheless, the senior Senator from Connecticut did seek such information. He wrote the Atomic Energy Commission and received a letter which I would like to read, and I want the Members who may contemplate voting against this to reflect on this letter written to Senator McMAHON:

JUNE 10, 1948.

DEAR SENATOR McMAHON: We have your letter of June 7 regarding power requirements for Oak Ridge. While we have not publicized the figures on the quantity of power furnished Oak Ridge by the Tennessee Valley Authority, we agree with you that such information does not involve classified information. The present contract between the Commission and TVA establishes an electrical power demand of 225,000 kilowatts. The present power load averages about 211,000 kilowatts. There are, however, certain particulars regarding our power requirements that do involve classified information, because these particulars, together with certain other facts, could possibly provide an index to the rate of production of fissionable materials at Oak Ridge. This information would include figures on the power generated by the Commission itself at Oak Ridge, details on type and quantity of power required by any individual facility within Oak Ridge, and records of total power consumption over an extended period of operation. If you wish, we shall be glad to send a representative of the Commission to discuss these matters with you.

At present there is no definite program for reactivating any of the facilities at Oak Ridge which are in stand-by status. However, there is always the possibility that future developments or an emergency might necessitate the start-up of these facilities. The minimum additional power required for reactivating such facilities is estimated to be in excess of 50,000 kilowatts and the maximum might be several times this figure. None of this additional power requirement could be met from the Commission's own installed power generating capacity at Oak Ridge.

Sincerely yours,
UNITED STATES ATOMIC ENERGY
COMMISSION,
SUMNER T. PIKE,
Acting Chairman.

Mr. Speaker, you cannot order large generating facilities from Sears Roebuck and get them overnight. It has been estimated by responsible engineers and leaders that another great country with whom we are not always in accord may have atomic energy developed by 1952. If we start now, or on July 1, 1948, as provided by my motion, building this plant, the very first generator will not come into production until 1951.

There is in this country only two-tenths of 1 percent reserve of electric energy above that demanded. If an emergency should arise, and unless there is danger, why are we enacting a draft law? I am not one who wants to be responsible for denying this additional generating capacity in an area in which there is not only the atomic-energy plant but the largest aluminum plants, arsenals, and munition plants in the entire United States.

Though this proposed plant is important as a national-defense reserve of electric energy, it is fully justified on a peacetime basis. If there were no atomic energy plants in the valley this steam plant should be constructed. The desirable economic relationship of steam to hydro in the Tennessee Valley is 25 to 30 percent steam to 70 to 75 percent hydro. What is the ratio now? It is down to 16 or 17 percent, and with the additional hydroelectric units coming into production the ratio will sink in 2 years down to 13 or 14 percent steam. That is a wholly uneconomic relationship.

Unless there is additional generating capacity the Tennessee Valley faces an acute shortage of power. We can only look to the TVA because it is the sole supplier of power in the valley. This proposed steam plant is the practical way to augment the generating capacity.

Mr. PLOESER. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. COUDERT].

Mr. COUDERT. Mr. Speaker, those of you who were present at the time this bill was originally debated at great length—in fact, it was debated over a period of 2 days—will recall that in substance this was an issue and still is an issue between those charming people who inhabit the beautiful Valley of the Tennessee, their charming Representatives in this House and the rest of the country, the taxpayers who provide them with subsidized public power that makes living so pleasant for the people of the Valley and attracts to its delightful Valley, hillsides, and slopes, the industry of the rest of the country at the expense of and to the detriment of communities in the rest of the country. Some of those charming peoples' Representatives, I know, have been very busy pressing for a favorable vote on this bill.

I am confident however, that Members will be governed by the fundamentals involved here and will not yield to the charming people who are appealing, very naturally, to get something more for nothing at the expense of the rest of the taxpayers of the country. In substance, as was fully debated and fully made clear when the House originally

voted down the steam plant, this is an attempt to effect a revolution in the operation of the TVA. It is, in effect, a first step in establishing the principle that the United States Government shall set up, not hydroelectric power plants as an incident to the development of a great river valley area, but shall set up steam generating public utility enterprises in competition with private industry and in competition with all of those other communities in the United States who do not have the advantages of Federally subsidized cheap power. All this talk about firming up is nothing but nonsense. Every kilowatt hour of power that is generated by the hydroelectric facilities in the Tennessee Valley is used; not one bit of it goes to waste. It is not as though power were being lost or potential power not used.

Moreover, in this bill provision is made for additional dams, and additional generating capacities that will increase the total generating production of TVA by 400,000 kilowatts, and that without the steam plant. In addition to that, 200,000 additional kilowatt hours of power will come to TVA through the development of the Cumberland River Dam by the Army engineers, the disposition of which is to be turned over to TVA. So that really effectively disposes of the argument which my friend from Tennessee has just made about the needs of this steam plant in a particular place in the interest of national defense. Now, a steam plant, gentlemen, as you all know, can be set up anywhere. You can set up the same plant in my district, on the Island of Manhattan, and generate just as much power as that steam plant is going to generate in the Valley of the Tennessee. The only difference is that the inhabitants in the Tennessee area, and the stockholders of those great industrial companies who had the sense to settle there and take advantage of cheap public power, are given the benefit of it rather than my constituents who are going to pay the bill.

So I say to you, gentlemen, the issue is the same one that we fought out once before and decided, I think, properly in this House. Until there is a clear-cut legislative determination defining the Authority's power and purpose and placing a clear-cut limitation upon the territorial area that it is to serve, then cer-

tainly we should not decide upon an appropriation bill, an issue that is as far reaching as this one.

The SPEAKER. The time of the gentleman from New York, has expired.

Mr. PLOESER. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, the issue here is whether we shall go ahead and waste money to build this steam plant. In the situation we are at the present time the charges for electricity in the Tennessee Valley by the Authority are below the cost of production, if you consider the cost of the installations that have been made, and the interest on the money. The issue is whether your folks and my folks back home shall pay the electric light bills of those people. Just the other day I read in the paper where the representatives of those communities that are served by the TVA were in New York making arrangements for loans from bankers for the purpose of installing steam plants of their own. Why not let them do that, instead of making a contract with them on the part of the TVA, which prohibits the customers of the TVA from putting in power plants of their own? These people can do it. Let them run their own business in their own way. There is no sense in the Government of the United States putting itself out and getting into this situation. I hope the motion will not be agreed to.

Mr. MAHON. Mr. Speaker, I yield myself 7 minutes.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Mississippi.

Mr. RANKIN. Mr. Speaker, I thank the gentleman from Texas [Mr. MAHON] for yielding to me at this time.

This amendment providing for a steam plant in the Tennessee Valley, to firm up the power generated in that area, is one of the most important issues that has come before this Congress.

It not only means the saving of billions of kilowatt hours of electricity for consumers within the distribution radius, but it means additional power for our atomic bomb plant at Oak Ridge, Tenn., the greatest defense project the world has ever known.

The Senate has already voted favorably on this amendment twice, and I trust

the membership of this House will not cripple this great development by voting against it.

The American people who pay the electric bills, and especially the residential and commercial consumers, have a right to be alarmed at these efforts that are being made to cripple or destroy the TVA and other public power projects throughout the country.

As I have pointed out time and time again, the power business is a public business. Electricity is the lifeblood of our advancing civilization. It has become a necessity of our modern life. No home is complete without it. No business establishment can operate successfully without it. It must be handled by a monopoly. If a half dozen different concerns were engaged in distributing electricity to a given community, the overhead expense would be so great the people could not bear it.

Any monopoly of a necessity of life is a public business.

Besides the water power of this Nation, that is, the hydroelectric power in our navigable streams and their tributaries, already belongs to the Government. The Supreme Court so held in the Appalachian Power case as well as in the Ashwander case.

The yardsticks provided by our public power projects, such as the Tennessee Valley Authority and the Bonneville Power Administration, have a tremendous effect in holding down the power rates to the American consumer.

The same thing is true of the Tacoma, Wash., public power system, which, by the way, pays a higher rate of taxation, or money in lieu of taxes, than is paid by the average power company serving a city of its size.

The Ontario Power Commission, operating just across the line from New York, is another outstanding example of the benefits the people derive from public power.

I am inserting at this point a table showing the number of power consumers in each State in 1947, the amount of electricity used, the cost of that electricity, and the savings that would have accrued if this power had been supplied at the TVA rates, the Tacoma, Wash., rates, the Bonneville rates, or the Ontario rates.

The table referred to follows:

TABLE 1.—Total electric sales, 1947

State	Sales			Estimated revenues and consumer savings if services were rendered under basic rates in effect in—							
	Number of customers	Kilowatt-hours	Revenues	Area served by Tennessee Valley Authority		Tacoma, Wash.		Area served by Bonneville Power Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Alabama.....	528,401	5,480,972,000	\$52,872,700	\$32,438,173	\$20,434,527	\$26,797,859	\$26,074,841	\$37,326,851	\$15,545,849	\$34,642,116	\$18,230,584
Arizona.....	151,468	1,128,795,000	18,228,700	8,583,322	9,645,378	7,542,687	10,686,013	10,191,477	8,037,223	8,956,061	9,272,639
Arkansas.....	336,529	1,116,014,000	25,904,400	13,484,997	12,419,403	11,418,455	14,485,945	15,732,950	10,171,450	14,365,527	11,538,873
California.....	3,117,788	18,035,720,000	288,979,100	201,144,595	87,834,505	168,187,160	120,841,940	233,303,657	55,675,443	216,347,302	72,631,798
Colorado.....	337,671	1,166,990,000	29,007,200	13,670,595	15,336,605	12,033,693	16,968,507	16,216,270	12,790,930	14,141,525	14,865,675
Connecticut.....	595,613	2,945,948,000	70,241,400	32,772,352	37,469,048	27,962,632	42,278,768	38,165,037	32,076,363	34,054,592	36,186,803
Delaware.....	83,970	452,731,000	9,567,800	4,341,148	5,226,652	3,735,020	5,832,780	5,088,025	4,479,775	4,536,123	5,031,677
District of Columbia ¹											
Florida.....	637,712	2,363,649,000	63,900,300	26,086,976	37,813,324	23,271,027	40,629,273	31,043,836	32,856,464	26,431,722	37,468,578
Georgia.....	612,635	3,421,552,000	56,635,700	31,966,305	24,669,395	27,892,303	28,743,397	37,698,592	18,937,108	33,000,535	23,635,165
Idaho.....	169,242	1,194,849,000	15,879,300	9,859,890	6,019,410	8,656,935	7,222,365	11,617,941	4,261,359	10,022,988	5,856,312
Illinois.....	2,407,993	13,946,033,000	268,066,500	132,349,440	135,717,060	112,414,144	155,652,356	154,434,196	113,632,304	139,258,220	128,808,230
Indiana.....	1,123,529	5,996,387,000	116,255,900	59,467,245	66,788,655	50,319,196	65,936,704	69,157,645	47,098,255	62,640,512	53,615,388

¹ Included in Maryland data.

TABLE 1.—Total electric sales, 1947—Continued

State	Sales			Estimated revenues and consumer savings if services were rendered under basic rates in effect in—							
	Number of customers	Kilowatt-hours	Revenues	Area served by Tennessee Valley Authority		Tacoma, Wash.		Area served by Bonneville Power Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Iowa.....	741,812	2,564,733,000	\$62,028,900	\$31,049,521	\$30,979,379	\$27,133,113	\$34,895,787	\$36,649,483	\$25,379,417	\$32,043,780	\$29,985,120
Kansas.....	496,353	2,040,248,000	45,178,300	22,338,963	22,839,337	19,206,293	25,972,007	26,168,195	19,010,105	23,366,004	21,812,296
Kentucky.....	547,419	2,578,483,000	47,368,300	25,712,700	21,655,000	21,891,503	25,476,797	29,978,220	17,390,080	26,870,359	20,497,941
Louisiana.....	519,260	2,472,257,000	44,065,400	20,484,896	23,580,504	17,718,967	26,346,433	24,042,633	20,022,867	21,274,184	22,791,216
Maine.....	275,814	1,142,871,000	22,911,300	10,971,088	11,940,212	9,426,210	13,485,090	12,809,762	10,101,538	11,306,441	11,604,859
Maryland and District of Columbia.....	734,648	4,995,671,000	82,199,300	45,162,229	37,037,071	38,691,783	43,507,517	53,145,018	29,054,282	48,191,938	34,007,362
Massachusetts.....	1,439,541	5,400,491,000	144,720,800	63,171,478	81,549,322	53,778,203	90,942,597	73,481,311	71,239,489	65,762,048	78,958,752
Michigan.....	1,763,974	9,956,502,000	186,239,400	93,696,512	92,542,888	81,655,236	104,584,164	110,185,486	76,053,914	95,994,399	90,245,001
Minnesota.....	808,590	3,069,935,000	73,562,700	36,857,025	36,705,675	32,278,319	41,284,381	43,430,295	30,132,405	37,096,451	35,866,249
Mississippi.....	323,945	1,078,294,000	24,587,200	11,922,107	12,665,093	10,404,956	14,182,244	14,044,062	10,543,138	12,286,071	12,301,129
Missouri.....	1,010,458	4,381,836,000	88,505,700	47,008,810	41,496,890	40,791,691	47,714,009	55,372,835	33,132,865	48,924,908	39,580,792
Montana.....	151,006	1,851,532,000	18,040,600	10,827,747	7,212,853	9,020,517	9,020,883	12,526,834	5,513,766	11,588,032	6,452,568
Nebraska.....	330,996	1,132,871,000	26,683,100	14,115,259	12,567,841	12,512,614	14,170,486	16,792,124	9,890,976	14,472,431	12,210,669
Nevada.....	41,584	394,694,000	6,236,700	3,024,534	3,212,166	2,629,502	3,607,198	3,579,633	2,657,067	3,199,234	3,037,466
New Hampshire.....	178,261	622,762,000	15,890,100	7,452,558	8,437,622	6,367,034	9,523,066	8,685,703	7,204,397	7,707,876	8,182,224
New Jersey.....	1,427,679	6,397,912,000	152,825,900	71,936,274	80,889,626	61,204,773	91,621,127	83,857,001	68,968,899	75,504,061	77,321,839
New Mexico.....	109,992	388,274,000	10,434,900	4,329,724	6,105,176	3,819,080	6,615,820	5,137,766	5,297,134	4,473,981	5,960,919
New York.....	4,458,147	22,618,807,000	457,911,900	189,435,038	268,476,862	168,271,632	289,640,268	226,318,570	231,593,330	196,511,419	261,400,481
North Carolina.....	747,689	4,403,786,000	66,363,200	38,059,380	28,303,820	32,232,234	34,130,966	44,239,177	22,124,023	40,060,465	26,302,735
North Dakota.....	110,944	286,596,000	9,755,300	4,176,700	5,578,600	3,832,613	5,922,687	5,050,294	4,705,006	4,205,484	5,549,816
Ohio.....	2,247,329	15,494,727,000	253,232,600	136,125,909	117,106,691	114,767,736	138,464,864	158,035,802	95,196,798	143,353,625	109,878,975
Oklahoma.....	508,612	1,757,374,000	40,594,700	19,717,091	20,877,609	16,978,553	23,616,147	23,108,710	17,485,990	20,572,872	20,021,828
Oregon.....	428,643	4,311,383,000	43,096,100	29,775,713	13,320,387	25,825,541	17,270,559	34,945,571	8,150,529	30,712,039	12,384,061
Pennsylvania.....	2,853,776	19,696,741,000	325,872,100	175,862,760	150,009,340	146,409,619	179,462,481	203,005,181	122,866,919	186,965,440	138,906,660
Rhode Island.....	237,832	951,961,000	25,121,600	10,795,158	14,326,442	9,063,150	16,058,450	12,492,490	12,629,110	11,378,727	13,742,873
South Carolina.....	359,998	2,120,342,000	30,235,300	17,610,758	12,624,542	14,936,097	15,299,203	20,497,695	9,737,605	18,496,231	11,739,069
South Dakota.....	128,214	329,142,000	10,545,100	4,404,934	6,140,166	3,981,226	6,563,874	5,294,306	5,250,794	4,492,880	6,052,220
Tennessee.....	608,018	7,739,687,000	58,838,700	43,707,026	15,131,674	36,729,797	22,108,903	50,597,756	8,240,944	45,914,538	12,924,162
Texas.....	1,663,099	7,404,697,000	143,606,600	73,232,888	70,373,712	63,366,077	80,240,523	86,305,559	57,301,041	76,998,374	66,608,226
Utah.....	177,458	928,265,000	16,348,200	9,374,545	6,973,655	8,120,474	8,227,726	10,988,813	5,359,387	9,629,565	6,718,635
Vermont.....	114,835	418,594,000	10,566,300	5,133,436	5,432,864	4,402,227	6,164,073	5,978,812	4,587,488	5,274,055	5,292,245
Virginia.....	642,072	3,266,181,000	61,918,400	30,827,617	31,090,783	26,680,643	35,237,757	36,199,864	25,718,536	31,948,089	29,970,311
Washington.....	674,769	9,604,980,000	77,118,200	55,350,295	21,767,905	47,563,860	29,554,340	64,851,753	12,266,447	57,643,748	19,474,452
West Virginia.....	414,823	3,568,492,000	50,719,200	27,184,528	23,534,672	21,996,275	28,722,925	31,011,000	19,708,200	29,423,062	21,206,138
Wisconsin.....	987,089	4,748,573,000	97,959,700	49,902,011	48,057,689	42,952,694	55,007,006	58,585,037	39,374,663	52,211,793	45,747,907
Wyoming.....	64,720	212,163,000	5,943,900	2,587,005	3,356,895	2,326,582	3,617,318	3,096,838	2,847,062	2,635,991	3,308,509
United States total.....	38,431,950	217,581,497,000	3,852,764,700	2,009,489,255	1,483,275,445	1,719,152,935	2,133,611,765	2,350,465,966	1,502,298,734	2,107,487,218	1,745,277,482

You will note that there were 38,431,950 consumers of electricity in the United States last year. That includes the residential, the commercial, and the industrial users. For that electricity they paid \$3,852,764,700.

If the TVA rates had been in effect in every State in the Union, they would have paid \$2,009,489,255, and the savings would have amounted to \$1,843,275,445. Under the Tacoma, Wash., rates they would have saved \$2,009,489,255. Under the Bonneville rates they would have saved \$1,502,298,734. Under the Ontario

rates they would have saved \$1,745,277,482.

If it had not been for these yardsticks, I daresay that the cost of this electricity to the consumers of this Nation, would have been multiplied many times.

RESIDENTIAL CONSUMERS

Now let us take the residential consumers of electricity. In 1947 there were 31,621,959 residential users of electricity throughout the United States. They used 44,171,314,000 kilowatt-hours of electricity for which they paid \$1,366,498,200. Under the TVA rates they would

have paid \$729,920,006, and would have saved \$636,578,194. Under the Tacoma rates they would have paid \$676,953,298, and would have saved \$689,544,902. Under the Bonneville rates they would have paid \$860,482,582, and would have saved \$506,015,618. Under the Ontario rates they would have paid \$632,044,096, and would have saved \$734,454,104.

In order to show the number of residential consumers, the amount of electricity used, and the overcharges in each State, I am inserting a table which covers every State in the Union.

The table referred to follows:

TABLE 2.—Residential electric service, 1947

State	Sales			Estimated revenues and consumer savings if services were rendered under basic rates in effect in—							
	Number of customers	Kilowatt-hours	Revenues	Area served by Tennessee Valley Authority		Tacoma, Wash.		Area served by Bonneville Power Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Alabama.....	396,740	665,944,000	\$14,899,100	\$9,699,314	\$5,199,786	\$8,999,056	\$5,900,044	\$11,427,610	\$3,471,490	\$8,403,092	\$6,496,008
Arizona.....	130,050	229,156,000	6,539,700	3,296,009	3,243,691	3,060,580	3,479,120	3,884,582	2,655,118	2,857,849	3,681,851
Arkansas.....	235,220	214,148,000	8,573,200	4,106,563	4,466,637	3,806,501	4,766,690	4,835,285	3,737,915	3,549,305	5,023,895
California.....	2,280,379	3,092,665,000	84,670,200	53,596,237	31,073,963	49,701,407	34,968,793	63,163,969	21,506,231	46,399,270	38,270,930
Colorado.....	263,654	318,900,000	11,196,700	5,508,776	5,687,924	5,105,695	6,091,005	6,494,086	4,702,614	4,769,794	6,426,906
Connecticut.....	515,186	775,997,000	25,760,800	13,034,965	12,725,835	12,081,815	13,678,985	15,353,437	10,407,363	11,283,230	14,477,570
Delaware.....	71,408	94,126,000	3,768,300	1,624,137	2,144,163	1,507,320	2,260,980	1,914,296	1,854,004	1,409,344	2,358,956
District of Columbia ¹	537,589	850,957,000	27,973,900	12,532,307	15,441,593	11,609,169	16,364,731	14,770,219	13,203,681	10,853,873	17,120,027
Florida.....	531,778	902,045,000	21,917,700	13,391,715	8,525,985	12,427,336	9,490,364	15,780,744	6,136,956	11,594,463	10,323,237
Idaho.....	139,132	400,261,000	7,545,100	4,610,056	2,935,044	4,278,072	3,267,028	5,432,472	2,112,628	3,991,358	3,553,742
Illinois.....	1,984,258	2,587,553,000	85,214,600	46,782,815	38,431,785	43,374,231	41,840,369	55,133,846	30,080,754	40,476,935	44,737,665
Indiana.....	889,206	1,200,421,000	39,908,500	20,872,146	19,036,354	19,355,622	20,552,878	24,623,545	15,284,955	18,078,550	21,829,950
Iowa.....	576,065	730,511,000	26,516,600	13,072,684	13,443,916	12,118,086	14,398,514	15,406,145	11,110,455	11,322,588	15,194,012
Kansas.....	390,571	460,182,000	17,090,000	8,271,560	8,818,440	7,673,410	9,416,590	9,741,300	7,348,700	7,160,710	9,929,290
Kentucky.....	452,027	514,359,000	16,927,300	9,800,907	7,126,393	9,089,960	7,837,340	11,561,346	5,365,954	8,429,505	8,429,795
Louisiana.....	436,536	424,300,000	16,541,300	8,022,530	8,518,770	7,443,585	9,097,715	9,461,624	7,079,676	6,947,346	9,933,934
Maine.....	232,125	267,035,000	9,897,200	4,612,095	5,285,105	4,275,590	5,621,610	5,443,460	4,453,740	3,998,469	5,898,731
Maryland and District of Columbia.....	600,240	824,007,000	23,991,100	13,765,462	10,225,638	12,774,686	11,216,414	16,240,829	7,750,271	11,925,574	12,065,526
Massachusetts.....	1,247,213	1,302,997,000	55,041,800	24,548,643	30,493,157	22,787,305	32,254,495	28,951,987	26,089,813	21,301,177	33,740,623

¹ Included in Maryland data.

TABLE 2.—Residential electric service, 1947—Continued

State	Sales			Estimated revenues and consumer savings if services were rendered under basic rates in effect in—							
	Number of customers	Kilowatt-hours	Revenues	Area served by Tennessee Valley Authority		Tacoma, Wash.		Area served by Bonneville Power Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Michigan	1,534,886	2,575,721,000	\$69,410,800	\$41,577,069	\$27,833,731	\$38,522,994	\$30,887,806	\$49,004,025	\$20,406,775	\$35,954,794	\$33,456,006
Minnesota	662,446	987,393,000	29,860,800	16,483,162	13,377,638	15,288,730	14,572,070	19,439,381	10,421,419	14,273,462	15,587,338
Mississippi	254,189	315,618,000	9,886,000	5,012,202	4,873,798	4,646,420	5,239,580	5,911,828	3,974,172	4,339,954	5,546,046
Missouri	823,305	1,040,008,000	32,946,100	18,383,924	14,562,176	17,033,134	15,912,966	21,645,588	11,300,512	15,912,966	17,033,134
Montana	128,927	206,101,000	6,195,000	3,134,670	3,060,330	2,905,455	3,289,545	3,692,220	2,502,780	2,713,410	3,481,590
Nebraska	268,209	358,268,000	11,740,600	6,257,740	5,482,860	5,799,856	5,940,744	7,373,097	4,367,503	5,412,417	6,328,183
Nevada	32,174	99,464,000	2,255,100	987,734	1,267,366	915,571	1,339,529	1,163,632	1,091,468	854,683	1,400,417
New Hampshire	154,714	179,391,000	6,941,400	3,081,982	3,859,418	2,859,857	4,081,543	3,637,294	3,304,106	2,672,439	4,268,961
New Jersey	1,224,461	1,405,548,000	54,114,200	25,974,816	28,139,384	24,080,819	30,033,381	30,628,637	23,485,563	22,511,507	31,602,693
New Mexico	88,663	106,220,000	4,140,700	1,792,923	2,347,777	1,664,561	2,476,139	2,115,898	2,024,802	1,552,762	2,587,938
New York	3,784,189	4,307,268,000	166,409,400	76,714,733	89,694,667	71,223,223	95,186,177	90,526,714	75,882,686	66,397,351	100,012,049
North Carolina	615,559	818,932,000	24,406,000	13,130,428	11,275,572	12,178,594	12,227,406	15,473,404	8,932,596	11,373,196	13,032,804
North Dakota	87,557	122,297,000	4,403,500	2,078,452	2,325,048	1,928,733	2,474,767	2,452,750	1,950,750	1,801,032	2,602,468
Ohio	1,881,529	2,789,596,000	84,591,000	47,878,506	36,712,494	44,410,275	40,180,725	56,506,788	28,084,212	41,534,181	43,056,819
Oklahoma	405,949	381,705,000	16,143,800	7,490,723	8,653,077	6,941,834	9,201,966	8,830,659	7,313,141	6,489,808	9,653,992
Oregon	358,794	1,197,628,000	18,713,200	12,537,844	6,175,356	11,639,610	7,073,590	14,783,428	3,929,772	10,872,369	7,840,831
Pennsylvania	2,440,893	3,251,373,000	109,436,400	55,703,128	53,733,272	51,653,981	57,782,419	65,552,404	43,883,996	48,152,016	61,284,384
Rhode Island	208,113	189,226,000	8,594,700	3,678,532	4,916,168	3,412,096	5,182,604	4,340,324	4,254,376	3,188,634	5,406,066
South Carolina	296,380	394,301,000	11,119,500	6,293,637	4,825,863	5,837,738	5,281,762	7,427,826	3,691,674	5,459,675	5,659,825
South Dakota	88,892	125,990,000	4,354,100	1,994,178	2,359,922	1,850,493	2,503,607	2,351,214	2,002,886	1,724,224	2,629,876
Tennessee	532,000	1,234,766,000	20,675,000	15,609,625	5,065,375	14,472,500	6,202,500	18,400,750	2,274,250	13,521,450	7,153,550
Texas	1,314,995	1,417,829,000	51,183,400	26,154,717	25,028,633	24,260,932	26,922,468	30,863,590	20,319,810	22,674,246	28,509,154
Utah	159,210	274,991,000	6,966,900	4,117,438	2,849,462	3,817,861	3,149,039	4,848,962	2,117,938	3,567,053	3,399,847
Vermont	94,077	128,864,000	4,894,100	2,217,027	2,677,073	2,055,522	2,838,578	2,613,449	2,280,651	1,918,487	2,975,613
Virginia	537,568	756,899,000	24,538,400	12,416,430	12,121,970	11,508,510	13,029,890	14,624,886	9,913,514	10,747,819	13,790,581
Washington	572,159	2,057,145,000	29,434,200	21,604,703	7,829,497	20,015,256	9,418,944	25,460,583	3,973,617	18,690,717	10,743,483
West Virginia	339,538	361,107,000	13,282,600	6,720,996	6,561,604	6,229,539	7,053,061	7,916,430	5,366,170	5,817,779	7,464,821
Wisconsin	758,465	1,161,102,000	33,195,500	18,556,285	14,639,215	17,228,464	15,967,036	21,875,835	11,319,665	16,066,622	17,128,878
Wyoming	54,741	70,979,000	2,692,700	1,187,481	1,505,219	1,101,314	1,591,386	1,400,204	1,292,496	1,028,611	1,664,089
United States total	31,621,959	44,171,314,000	1,366,498,200	729,920,006	636,578,194	676,953,298	689,544,902	860,482,582	506,015,618	632,044,096	734,454,104

If it were not for these yardsticks, I dare say that the average user of electricity in this country would be paying many times the rates which he now pays. That would curtail his use of electricity and limit the enjoyment of those appliances that lift the burden of drudgery, and go to make the American home more pleasant and more attractive.

The same elements that are trying to destroy this public power program fought the development of rural electrification. If they had succeeded, the chances are that we would not have had 1 farm house out of 10 in this country electrified at the present time. Whereas, we now have about 70 or 75 percent of our farm homes electrified, and we are moving for-

ward to the day when we will see electricity in every farm home in America.

It has done more for the farmers of the Nation than anything else that has ever been proposed. It takes to the farmer everything people have in the cities—except the noise and city taxes.

COMMERCIAL CONSUMERS

Now let us turn to the commercial consumers, the merchants, the hotel people, the operators of restaurants, filling stations, and so forth. There were 4,960,895 of them last year who used 38,378,995,000 kilowatt-hours of electricity for which they paid \$1,031,335,100.

Under the TVA rates they would have paid \$440,824,620 which would have given them a savings of \$590,510,480.

Under the Tacoma rates they would have paid \$420,878,747, which would have given them a savings of \$610,456,353.

Under the Bonneville rates they would have paid \$564,059,382, which would have given them a savings of \$467,275,718.

Under the Ontario rates they would have paid \$506,447,654, which would have given them a savings of \$524,887,446.

Here is a table showing the number of commercial consumers for each State in the Union for 1947, the amount of electricity used, as well as what it cost them in each State, and showing what they would have saved.

The table referred to follows:

TABLE 3.—Commercial electric service, 1947

State	Sales			Estimated revenues and consumer savings if services were rendered under basic rates in effect in—							
	Number of customers	Kilowatt-hours	Revenues	Area served by Tennessee Valley Authority		Tacoma, Wash.		Area served by Bonneville Power Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Alabama	52,624	408,856,000	8,758,400	\$4,573,724	\$4,184,676	\$4,366,238	\$4,392,162	\$5,863,749	\$2,894,651	\$5,268,353	\$3,490,047
Arizona	20,191	392,175,000	6,228,100	2,649,371	3,578,729	2,527,487	3,700,613	3,393,505	2,834,595	3,047,098	3,181,002
Arkansas	40,852	255,451,000	7,457,200	3,095,410	4,361,790	2,957,153	4,500,047	3,963,352	3,493,848	3,556,265	3,900,935
California	452,387	3,339,106,000	75,199,600	42,600,573	32,599,027	40,664,184	34,535,416	54,296,368	20,903,232	48,719,564	26,480,036
Colorado	44,995	385,119,000	9,767,100	4,174,947	5,592,153	3,983,805	5,783,295	5,321,800	4,445,300	4,768,493	4,998,607
Connecticut	69,945	470,006,000	16,236,400	5,819,775	10,416,625	5,552,196	10,684,204	7,441,954	8,794,446	6,689,397	9,547,003
Delaware	10,795	108,370,000	2,672,900	1,018,642	1,654,258	969,087	1,703,813	1,299,457	1,373,443	1,164,556	1,508,344
District of Columbia	94,419	652,100,000	22,674,800	7,590,389	15,084,411	7,240,064	15,434,736	9,692,343	12,982,457	8,688,077	13,986,723
Florida	78,396	714,115,000	17,312,100	7,988,496	9,323,604	7,614,035	9,698,065	10,217,428	7,094,672	9,165,372	8,146,728
Georgia	22,836	212,204,000	4,194,400	2,298,364	1,896,036	2,190,358	2,004,042	2,924,797	1,269,603	2,622,381	1,572,019
Idaho	302,708	1,984,472,000	65,988,300	26,847,340	39,140,960	25,623,917	40,364,383	34,459,750	31,528,550	30,993,385	34,994,915
Illinois	132,321	865,449,000	24,410,300	10,937,035	13,473,265	10,459,326	13,950,974	10,405,867	14,004,433	12,571,305	11,838,995
Iowa	106,265	579,656,000	17,516,200	7,974,425	9,541,775	7,613,591	9,902,609	10,193,553	7,322,647	9,165,177	8,351,023
Kansas	66,730	401,803,000	12,080,300	5,201,052	6,879,248	4,964,641	7,115,659	6,644,406	5,435,894	5,972,500	6,107,800
Kentucky	60,964	385,739,000	10,246,100	4,706,854	5,539,246	4,495,784	5,750,316	6,036,592	4,209,508	5,424,490	4,821,610
Louisiana	69,395	464,365,000	14,176,600	4,862,432	9,314,168	4,643,404	9,533,196	6,191,204	7,985,396	5,548,721	8,627,879
Maine	35,756	182,418,000	5,261,800	2,102,825	3,158,975	1,999,852	3,261,948	2,666,470	2,595,330	2,390,068	2,871,732
Maryland and District of Columbia	100,303	953,455,000	23,007,400	12,387,221	10,620,179	11,839,806	11,167,594	15,023,380	7,084,020	14,295,827	8,711,573
Massachusetts	180,182	810,293,000	32,727,900	11,056,794	21,671,106	10,551,143	22,176,752	14,090,670	13,637,230	12,641,152	20,086,748

¹ Included in Maryland data.

TABLE 3.—Commercial electric service, 1947—Continued

State	Sales			Estimated revenues and consumer savings if services were rendered under basic rates in effect in—							
	Number of customers	Kilowatt-hours	Revenues	Area served by Tennessee Valley Authority		Tacoma, Wash.		Area served by Bonneville Power Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Michigan.....	201,386	1,877,309,000	\$48,312,600	\$21,148,841	\$27,163,759	\$20,203,363	\$28,109,237	\$27,020,754	\$21,291,846	\$24,283,845	\$24,028,755
Minnesota.....	110,070	708,425,000	22,281,900	8,904,738	13,377,162	8,491,632	13,790,268	11,337,477	10,944,423	10,167,008	12,114,892
Mississippi.....	38,216	272,252,000	7,616,900	3,020,482	4,596,418	2,879,264	4,737,636	3,844,249	3,772,651	3,451,979	4,164,921
Missouri.....	135,494	995,109,000	26,875,200	11,958,389	14,916,811	11,404,759	15,470,441	15,307,846	11,567,354	13,730,002	13,145,198
Montana.....	19,610	157,776,000	3,933,600	1,944,772	1,988,828	1,855,637	2,077,963	2,487,687	1,445,913	2,228,384	1,705,216
Nebraska.....	48,394	338,384,000	8,701,100	4,158,429	4,542,671	3,970,225	4,730,875	5,332,470	3,368,630	4,785,779	3,915,321
Nevada.....	7,530	135,645,000	2,515,000	958,467	1,556,533	914,429	1,600,571	1,225,283	1,289,717	1,098,351	1,416,649
New Hampshire.....	20,220	94,295,000	3,171,700	1,277,339	1,894,361	1,215,268	1,956,432	1,630,158	1,541,542	1,460,283	1,711,417
New Jersey.....	194,357	1,228,506,000	41,197,100	14,384,792	26,812,308	13,748,296	27,448,804	18,415,927	22,781,173	16,506,442	24,690,658
New Mexico.....	16,179	112,051,000	3,695,400	1,278,904	2,416,496	1,221,810	2,473,590	1,632,887	2,062,513	1,469,217	2,226,183
New York.....	652,206	6,042,641,000	188,812,400	62,815,997	125,996,403	60,093,323	128,719,077	80,707,860	108,104,540	72,539,836	110,272,564
North Carolina.....	88,928	649,140,000	15,205,900	7,439,487	7,766,413	7,079,259	8,126,641	9,459,895	5,746,005	8,473,184	6,732,716
North Dakota.....	22,023	124,930,000	4,381,500	1,642,712	2,738,788	1,565,992	2,815,508	2,094,006	2,287,494	1,877,385	2,504,115
Ohio.....	249,471	1,840,647,000	49,521,400	23,310,218	26,211,182	22,290,078	27,231,322	29,890,126	19,631,274	26,829,704	22,691,696
Oklahoma.....	66,873	355,387,000	10,966,700	4,574,759	6,391,941	4,360,140	6,606,560	5,828,582	5,138,118	5,241,205	5,725,495
Oregon.....	55,290	687,237,000	10,960,700	6,626,949	4,333,751	6,322,132	4,638,568	8,444,562	2,516,138	7,575,269	3,385,431
Pennsylvania.....	351,295	2,150,045,000	59,693,800	26,807,291	32,886,509	25,577,600	34,116,200	34,369,899	25,323,901	30,865,277	28,828,523
Rhode Island.....	27,634	131,085,000	5,294,000	1,788,525	3,505,475	1,706,733	3,267,267	2,268,373	3,025,627	2,033,902	3,260,098
South Carolina.....	42,817	312,549,000	6,927,800	3,325,206	3,602,594	3,175,357	3,752,443	4,238,566	2,689,234	3,803,293	3,124,507
South Dakota.....	24,939	114,791,000	4,356,200	1,606,306	2,749,894	1,534,515	2,821,685	2,054,994	2,301,206	1,839,623	2,516,577
Tennessee.....	69,738	596,298,000	10,251,100	6,789,201	3,461,899	6,472,442	3,778,658	8,668,638	1,582,462	7,781,712	2,469,388
Texas.....	216,609	1,819,369,000	44,937,800	19,764,094	25,173,706	18,838,376	26,099,424	25,272,120	19,665,680	22,726,394	22,211,406
Utah.....	16,200	155,294,000	4,070,200	1,903,307	2,166,893	1,819,461	2,250,739	2,435,730	1,634,470	2,188,383	1,881,817
Vermont.....	13,070	77,200,000	2,224,000	872,764	1,351,236	831,531	1,392,469	1,110,999	1,113,001	994,172	1,229,828
Virginia.....	79,493	725,901,000	17,920,900	7,180,367	10,740,533	6,848,114	11,072,786	9,173,888	8,747,012	8,214,045	9,706,855
Washington.....	76,176	1,333,884,000	18,489,400	11,883,508	6,605,892	11,350,272	7,139,128	15,235,266	3,254,134	13,692,695	4,796,705
West Virginia.....	48,506	228,134,000	6,668,500	2,884,793	3,783,707	2,754,291	3,914,209	3,695,283	2,973,217	3,310,644	3,357,856
Wisconsin.....	118,250	871,724,000	24,226,100	11,802,713	12,423,387	11,253,750	12,972,350	15,121,448	9,104,652	13,574,368	10,651,732
Wyoming.....	7,857	77,835,000	2,210,300	885,601	1,324,699	844,622	1,365,678	1,129,198	1,081,102	1,013,092	1,197,208
U. S. total.....	4,960,895	38,378,995,000	1,031,335,100	440,824,620	590,510,480	420,878,747	610,456,353	564,059,382	467,275,718	506,447,654	524,887,446

If the Power Trusts could get rid of these yardsticks. I dare say that those rates would increase by leaps and bounds until the average commercial consumer would be paying many times the rates he now pays for his electricity.

As I have said before, this power issue is the greatest economic question now before the American people. The hydro-electrical power in our navigable streams and their tributaries constitute the greatest wealth of this Nation, outside of the soil from which we live. It is our duty to see that this power is developed

and supplied to the American people at rates based upon the cost of generation, transmission, and distribution.

Now let us take the industrial consumers. Last year there were 1,849,096 industrial users of electricity in this country. They used 135,031,188,000 kilowatt-hours of electricity for which they paid \$1,454,931,400. Under the TVA rates they would have paid \$838,744,629 which would have meant a saving of \$616,186,771; under the Tacoma rates they would have paid \$621,320,890, which would have meant a saving of \$833,610,-

510; under the Bonneville rates they would have paid \$925,924,002 which would have meant a saving of \$529,007,-398; under the Ontario rates they would have paid \$968,995,468 which would have meant a saving of \$485,935,932.

At this point I am inserting a table showing the number of industrial uses of electricity in every State, the amount of electricity used, the amount paid for it, and the overcharges according to the TVA rates, the Tacoma rates, the Bonneville rates, and the Ontario rates.

The table referred to follows:

TABLE 4.—Industrial and other electric services, 1947

State	Sales			Estimated revenues and consumer savings if services were rendered under basic rates in effect in—							
	Number of customers	Kilowatt-hours	Revenues	Area served by Tennessee Valley Authority		Tacoma, Wash.		Area served by Bonneville Power Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
Alabama.....	79,037	4,406,172,000	\$29,215,200	\$18,165,135	\$11,050,665	\$13,432,565	\$15,782,635	\$20,035,492	\$9,179,708	\$20,970,671	\$8,244,529
Arizona.....	1,227	507,464,000	5,460,900	2,637,942	2,822,958	1,954,620	3,506,280	2,913,390	2,547,510	3,051,114	2,409,786
Arkansas.....	60,457	646,415,000	9,874,000	6,283,024	3,590,976	4,654,801	5,219,199	6,934,313	2,939,687	7,259,957	2,614,043
California.....	385,022	11,603,949,000	129,109,300	104,947,785	24,161,515	77,771,569	51,337,731	115,843,320	13,265,980	121,228,468	7,880,832
Colorado.....	29,022	462,971,000	8,043,400	3,986,872	4,056,528	2,949,193	5,094,207	4,400,384	3,643,016	4,603,238	3,440,162
Connecticut.....	10,482	1,699,945,000	28,244,200	13,917,612	14,326,588	10,328,621	17,915,579	15,369,646	12,874,554	16,081,965	12,162,235
Delaware.....	1,767	250,235,000	3,126,600	1,698,369	1,428,231	1,258,613	1,867,987	1,874,272	1,252,328	1,962,223	1,164,377
District of Columbia ¹	5,704	860,592,000	13,251,600	5,964,280	7,287,320	4,421,794	8,829,806	6,581,274	6,670,326	6,889,772	6,361,828
Florida.....	2,461	1,805,392,000	17,405,900	10,586,094	6,819,808	7,850,932	9,554,968	11,700,420	5,705,450	12,240,700	5,165,200
Georgia.....	7,274	582,384,000	4,139,800	2,951,470	1,188,330	2,188,505	1,951,295	3,260,672	879,128	3,409,249	730,551
Illinois.....	121,027	9,374,008,000	116,863,600	58,719,285	58,144,315	43,415,996	73,447,604	64,840,600	52,023,000	67,787,900	49,075,700
Indiana.....	102,002	3,930,517,000	51,937,100	27,658,064	24,279,036	20,504,248	31,432,852	30,529,667	21,407,433	31,990,657	19,946,443
Iowa.....	59,482	1,254,566,000	17,996,100	10,002,412	7,993,688	7,401,436	10,594,664	11,049,785	6,946,315	11,556,015	6,440,085
Kansas.....	39,052	1,178,263,000	16,008,000	8,866,351	7,141,649	6,568,242	9,439,758	9,782,489	6,225,511	10,232,794	5,775,206
Kentucky.....	34,428	1,678,385,000	20,194,900	11,204,939	8,989,961	8,305,759	11,889,141	12,380,282	7,814,618	12,948,364	7,240,536
Louisiana.....	13,329	1,583,592,000	13,347,500	7,599,934	5,747,566	5,631,978	7,715,522	8,389,705	4,957,795	8,778,117	4,569,383
Maine.....	7,933	693,418,000	7,752,300	4,256,168	3,496,132	3,150,768	4,601,532	4,699,832	3,052,468	4,917,904	2,834,396
Maryland and District of Columbia ¹	34,105	3,218,209,000	35,200,800	19,009,546	16,191,254	14,077,291	21,123,509	20,980,809	14,219,991	21,970,537	13,230,263
Massachusetts.....	12,146	3,287,201,000	56,951,100	27,566,041	29,385,059	20,439,750	36,511,350	30,438,654	26,512,446	31,819,719	25,131,381
Michigan.....	27,702	5,503,472,000	68,516,000	30,970,602	37,545,398	22,928,879	45,637,121	34,160,707	34,355,293	35,755,760	32,760,240
Minnesota.....	36,074	1,374,117,000	21,420,000	11,469,125	9,950,875	8,497,957	12,922,043	12,653,437	8,766,563	13,255,981	8,164,019
Mississippi.....	31,540	490,424,000	7,084,800	3,889,423	3,194,877	2,879,272	4,205,028	4,287,985	2,796,315	4,494,138	2,590,162
Missouri.....	51,659	2,346,719,000	28,634,400	16,666,497	12,017,903	12,353,793	16,330,602	18,419,401	10,264,999	19,281,940	9,402,460
Montana.....	2,469	1,487,655,000	7,912,000	5,748,305	2,163,695	4,259,425	6,352,575	6,346,927	1,565,073	6,646,238	1,255,762
Nebraska.....	14,393	456,219,000	6,241,400	3,699,090	2,542,310	2,742,533	3,498,867	4,086,557	2,154,843	4,274,235	1,967,165
Nevada.....	1,880	159,585,000	1,466,600	1,078,333	388,267	799,502	667,098	1,190,718	275,882	1,246,200	220,400

¹ Included in Maryland data.

TABLE 4.—Industrial and other electric services, 1947—Continued

State	Sales			Estimated revenues and consumer savings if services were rendered under basic rates in effect in—							
	Number of customers	Kilowatt-hours	Revenues	Area served by Tennessee Valley Authority		Tacoma, Wash.		Area served by Bonneville Power Administration		Ontario, Canada	
				Revenues	Savings	Revenues	Savings	Revenues	Savings	Revenues	Savings
New Hampshire.....	3,327	349,076,000	\$5,777,000	\$3,093,237	\$2,683,763	\$2,291,909	\$3,485,091	\$3,418,251	\$2,358,749	\$3,575,154	\$2,201,846
New Jersey.....	8,861	3,763,858,000	57,514,600	31,576,666	25,937,934	23,375,658	34,138,942	34,812,437	22,702,163	36,486,112	21,028,488
New Mexico.....	5,150	170,003,000	2,598,800	1,257,897	1,340,903	932,709	1,666,091	1,388,981	1,209,819	1,452,002	1,146,798
New York.....	21,752	11,668,878,000	102,690,100	49,904,308	52,785,792	36,955,056	65,735,014	55,083,996	47,606,104	57,574,232	45,115,868
North Carolina.....	43,202	2,935,714,000	26,751,300	17,489,465	9,261,835	12,974,381	13,776,919	19,305,878	7,445,422	20,214,085	6,537,215
North Dakota.....	1,364	39,369,000	970,300	455,536	514,764	337,888	632,412	503,538	466,762	527,067	443,233
Ohio.....	116,329	10,864,484,000	119,120,200	64,937,185	54,183,015	48,067,383	71,052,817	71,638,888	47,481,312	74,989,740	44,130,460
Oklahoma.....	35,790	1,020,282,000	13,484,200	7,651,609	5,832,591	5,676,579	7,807,621	8,449,469	5,034,731	8,841,859	4,642,341
Oregon.....	14,559	2,426,518,000	13,422,200	10,610,920	2,811,280	7,863,799	5,558,401	11,717,581	1,704,619	12,264,401	1,157,799
Pennsylvania.....	61,588	14,295,323,000	156,741,900	93,352,341	63,389,559	69,178,038	87,563,862	103,082,878	53,659,022	107,948,147	48,793,753
Rhode Island.....	2,085	631,650,000	11,232,900	5,328,101	5,904,799	3,944,321	7,288,579	5,883,793	5,349,107	6,156,191	5,076,709
South Carolina.....	20,801	1,413,492,000	12,188,000	7,991,915	4,196,085	5,923,002	6,264,998	8,831,303	3,356,697	9,233,263	2,954,737
South Dakota.....	4,383	88,361,000	1,834,800	804,450	1,030,350	596,218	1,238,582	888,098	946,702	929,033	905,767
Tennessee.....	6,280	5,908,623,000	27,912,600	21,308,200	6,604,400	15,784,855	12,127,745	23,528,368	4,384,232	24,611,376	3,301,224
Texas.....	131,495	4,167,499,000	47,485,400	27,314,077	20,171,323	20,266,769	27,218,631	30,169,849	17,315,551	31,597,734	15,887,666
Utah.....	2,048	497,980,000	5,311,100	3,353,800	1,957,300	2,483,152	2,827,948	3,704,121	1,606,979	3,874,129	1,436,971
Vermont.....	7,688	212,530,000	3,448,200	2,043,645	1,404,555	1,515,174	1,933,026	2,254,364	1,193,856	2,361,396	1,086,804
Virginia.....	25,011	1,783,381,000	19,459,100	11,230,820	8,228,280	8,324,019	11,135,081	12,401,090	7,058,010	12,986,225	6,472,875
Washington.....	26,434	6,213,951,000	29,194,600	21,862,084	7,332,516	16,198,332	12,996,268	24,155,904	5,038,696	25,260,336	3,934,264
West Virginia.....	26,779	2,979,251,000	30,768,100	17,578,739	13,189,361	13,012,445	17,755,655	19,399,287	11,368,813	20,294,639	10,473,461
Wisconsin.....	110,374	2,715,747,000	40,538,100	19,543,013	20,995,087	14,470,480	26,067,620	21,587,754	18,950,346	22,570,803	17,967,297
Wyoming.....	2,122	63,349,000	1,040,900	513,923	526,977	380,646	660,254	567,436	473,464	593,688	447,212
United States total.....	1,849,096	135,031,188,000	1,454,931,400	838,744,629	616,186,771	621,320,890	833,610,510	925,924,002	529,007,398	968,695,468	485,935,932

Let me remind you that in 1921 there was only 40,000,000,000 kilowatt-hours of electricity produced and sold in this country for all purposes, including residential, commercial, and industrial, as well as for street lighting and transportation purposes.

You will note from table 1 that last year there were 217,581,497,000 kilowatt-hours of electricity sold in this country for residential, commercial, and industrial consumption alone. There were probably thirty or forty billion kilowatt-hours used for street lighting and transportation purposes.

Just the other day I called attention to the fact that the engineers of the Federal Power Commission, together with the Army engineers, have made an investigation and found that there are 394,000,000,000 kilowatt-hours of hydroelectric power going to waste every year in our navigable streams and their tributaries.

If that power were all harnessed and firmed up to the peak of the average year, there would be an additional supply of 510,000,000,000 kilowatt hours a year, which added to our present production would light every home, including every farm home, operate every industry, and every commercial enterprise, and heat every house in America.

It would make this the richest and the most powerful Nation the world has ever known.

Then, American could go on her glorious march of progress throughout the unfolding centuries as Henry W. Grady once said, "holding high the torch and making light the way up which all other nations of the earth must come in God's appointed time."

(Mr. RANKIN asked and was given permission to revise and extend his remarks and include certain statistics.)

(Mr. KEFAUVER addressed the House. His remarks will appear hereafter in the Appendix.)

(Mr. KEFAUVER asked and was given permission to revise and extend his remarks.)

Mr. JENNINGS. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Tennessee.

Mr. JENNINGS. May I say to the Members of this House in reply to the statement made by my good friend from New York [Mr. TABER] in which he states that the people of the Tennessee Valley area are getting electricity at less than they ought to pay for it, that he is utterly wrong. Those dams were built for a triple purpose, for flood control, for navigation, and to translate the energy of the falling water into electric energy.

This country has spent billions of dollars elsewhere for flood control and for navigation, and this is the first time any money was ever spent in the valley of the Tennessee River and its tributaries for flood control or for navigation.

When Mr. TABER stated that he had read in the paper where people from Tennessee cities were borrowing or seeking to borrow money in New York with which to build steam plants, he was repeating a falsehood that was put in circulation by the \$55,000-per-year lobbyist Purcell Smith who trailed his slimy length across the threshold of this Capitol in his effort to retard and, if possible, destroy the future growth and development of the State of Tennessee and all the other part of the 90,000 square miles of territory and the property of the 5,000,000 people who live in the area. The people of my congressional district, who number 460,000 souls, have no other source from which to purchase electric power than the Tennessee Valley Authority, and unless this steam plant is authorized and this \$4,000,000 appropriated to begin its construction, thousands of citizens of the Second Congressional District of Tennessee will be deprived of the benefits of electricity in their homes, on their farms, and in their businesses. The defeat of this project will be a deadly blow to the growth, development, and prosperity of 5,000,000 American citizens. It will be a victory for the corrupt, ruthless private power lobby that has haunted this Capitol since the day the proposal to build

this steam plant came before the Congress.

Mr. MASON. Mr. Speaker, we are, in a short time, to cast one of the significant votes in this session of the Congress. Mr. Speaker, the matter involved is not a local issue. I do not live in the Tennessee Valley. I live in the great Southwest. I believe in free enterprise, private business, and in fair opportunity for individual effort. But I am among those throughout the Nation who believe that this issue today must be resolved in favor of this steam plant. America must be strong within. People who, like most of you, are so interested in the aviation program and who realize that one of the vital issues before the world today is atomic energy can hardly be other than in favor of the motion made by the gentleman from Tennessee. Yes; the vote on the issue today is a significant one, particularly in view of the tense world situation and the demands of the future. It was no accident that the Senate, in voting on this issue, approved this plant in the Tennessee Valley by a vote of 47 to 37. If we should retard that development where we now have this atomic-energy plant by refusing to provide this steam plant, we would be playing havoc with the long-range aluminum and aviation program which has been adopted by the Congress. I am thinking of the 70-group Air Force program which we have put through Congress at this session.

So I think, Mr. Speaker, that on a basis of broad policy it is the duty of the Congress to approve the pending motion. The vote today is going to be one that Members will look back to and say, "Yes, upon that occasion I did all I could to promote the aviation program and the cause of national defense."

Mr. KEFAUVER. Mr. Speaker, will the gentleman yield?

Has this not been voted on twice in the other body?

Mr. MAHON. It has, and it has been voted on favorably. This is not a local issue, as I said. This vote today will be looked back upon by Members as a vote in favor of a real program of development

of our own country. We have done enough—we have certainly done much to build up our friends abroad. But this Nation, if it is to be strong, must be strong from within. We must be sure to develop our own resources in the interest of the peace and happiness of our people.

Our atomic energy plants in Tennessee represent an investment of huge magnitude. This investment should be made to yield the maximum in the interest of peace, national defense, and the promotion of our own domestic welfare.

Mr. PLOESER. Mr. Speaker, I yield 5 minutes to the gentleman from Iowa [Mr. JENSEN].

Mr. JENSEN. Mr. Speaker, this question has, as you know, been before the House before, and as we all know, the House voted down the provision for this steam plant in the TVA.

Mr. JENNINGS. Mr. Speaker, if the gentleman will yield to me, do you not know that in 1941 they built one that cost \$40,000?

Mr. JENSEN. When you talk about firming up power in the TVA, is it not more important to firm up the United States Treasury and keep it firmed up? I ask you in all sincerity, my colleagues on both sides of the middle path of this House of Representatives of the United States of America.

I made a short talk on the radio not long ago in cooperation with my good friend, Congressman KEFAUVER, of Tennessee. I shall read a part of that speech, but before I do that I would like to say that I have just received a letter from the Iowa Development Commission as did the other Iowa Congressmen, and I wish to read one paragraph from that letter which is signed by Mr. Rodney Selby, director:

The commission feels that the use of Federal taxes collected from Iowa citizens and industries should not be used in the promotion of this TVA expansion which will compete with the growth of Iowa, and do so on an unfair and subsidized basis.

Now, Mr. Speaker, it has been said that we were short of aluminum cable for transmission lines because of the shortage of aluminum. The fact of the matter is, I have information from Alcoa to the effect that the bottleneck was not aluminum but it was the steel core which goes into the cable.

I humbly request your attention while I read the remarks which I recently made over a national network and which I am sure a great majority of the deep-thinking people of America will endorse.

Mr. PLOESER. Mr. Speaker, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. PLOESER. Will the gentleman explain that this propaganda that was put out about a shortage of aluminum was purely and wholly a lie?

Mr. JENSEN. They said it was mainly a shortage of the steel core, and not a shortage of aluminum.

I will now read the radio talk that I referred to:

I am glad to take part in this broadcast with my good friend and colleague, ESTES KEFAUVER.

A primary function of the Federal Government is to defend the Nation and to break the will of any enemy to our free-enterprise

system in peacetime as well as in time of aggression. That function in time of war is chiefly confined to the actions and activities of the armed forces. Nevertheless the activities of the military forces must be closely allied to the functions of the national economy.

Fortunately, the lessons of World War II are too recent to have been forgotten. It will be recalled that prior to World War II the Nation underwent an era of preparation during which Federal agencies, dedicated to promotion of Government ownership, continually raised the cry of "power shortage," with the assertion that private enterprise was incapable of meeting the emergency of war.

There were several gross miscalculations in their estimates, however. These were revealed when the industry was put to the actual test of war production. True, some additional capacity was added in Government-owned systems, but the main burden fell directly upon private industry. The capacity that was added to Federal systems could as well have been added to the installations of private enterprise, built with private funds and subject to taxation by the local, State, and Federal governments.

As Mr. Krug, then Chairman of the War Production Board, and presently Secretary of the Interior, was free to state:

"Electric power has been the lubrication for this tremendous war plant * * * this unique record of the electric utilities is an inspiring tribute to the men and women in the industry whose unflinching efforts made the record possible."

He could well have added that TVA itself was "bailed out" on its war contract commitments through the facilities of private enterprise which during drought periods interchanged power from adjacent private power systems from distances of as far as a thousand miles away. He also could have added that under the direction of the United States Army, private enterprise built the steam plant which furnished most of the power at the Oak Ridge atomic plant.

The pent-up buying power and consumptive capacity of the Nation following VJ-day released an enormous demand for increased electric capacity far greater than existed even during World War II. This placed a combined demand on the private companies and municipal facilities. Furthermore, additional capacity since installed is all now available for any emergency to an extent greater than dreamed of during World War II, and more is on the way.

The private utilities' construction program is bigger than that of any other single industry in America because they have faith in the patriotism and good sense of the American people to properly protect private enterprise.

The present emphasis on national defense must not be permitted to become a clinching argument in the hands of those who seek to nationalize, socialize, or communize America. The Administration's proposal to construct steam plants now carries with it a precedent affecting the time-tested principles of our Nation. With these proposals the great planners no longer hide behind what Senator Norris called the "constitution peg" of navigation and flood control as a legal basis upon which to conduct electric power business. They also appear to forget the fact that our laws provide that Federal power production from multipurpose projects must be justified on need for irrigation.

They now want to embark upon a program of manufacture and sale of electric energy as an end in itself. We know now what actually is in the mind of the great planners who brazenly admit they want to put the Government in direct competition with its own citizens.

If the principle is established this precedent certainly will not be confined to electric power. This can only lead to Govern-

ment ownership of every industry including farming, mercantile, and all, both large and small, upon which the life and productive capacity of our Nation is dependent for its very existence.

The privately owned electrical industry cannot now be a "power trust," for the reason that Congress long ago took steps under the death-sentence clause—by breaking up the large holding companies in this industry—to effectively eliminate the possibility of the existence of a private power trust.

But the same cannot be said of the federally dominated power trust which is entirely different than farmer-owned REA or municipally owned or PUD-owned power facilities.

Acting in obvious concord and prearranged plan, the Federal power trust fostered and aided by the policies of the Federal Government for the past 15 years, has now become a very real threat to the operation of our free economy. Let us not forget in this electric age that he who controls the electric energy of America controls America.

It is noteworthy that the privately owned electric companies pay annually over \$650,000,000 in local, State, and Federal taxes which would have to be paid by other taxpayers if the Federal power trust has its way.

I should like to quote to you the candid statement of David E. Lillenthal, former Chairman of the Tennessee Valley Authority and at present the Chairman of the Atomic Energy Commission, in an article appearing in October 1945:

"* * * those who control energy, control people."

Mr. PLOESER. Mr. Speaker, may I inquire how the time stands?

The SPEAKER. The gentleman from Missouri has 20 minutes remaining, the gentleman from Texas 8.

Mr. PLOESER. I have an agreement not to use 10 minutes of my time. I therefore ask the gentleman from Texas to use his time.

Mr. MAHON. I think in fairness the RECORD should show that numerous Members have requested time but that it is not possible to give it to them.

Mr. Speaker, I yield to the gentleman from Mississippi [Mr. WHITTEN], a member of the committee, the remainder of my time.

The SPEAKER. The gentleman from Mississippi is recognized for 8 minutes.

Mr. WHITTEN. Mr. Speaker, I hope I may have the attention of every man on this floor.

Mr. Speaker, I do not live in the Tennessee Valley. My home section is served by the Mississippi Power & Light Co., though a large part of my State is served by the TVA. However, I have been privileged to sit on this committee and to hear the testimony with regard to this proposed steam plant. I say to the Members on the left side of the aisle, who have been led to believe that this steam plant is a proposal to take away business from the private utilities, such is not the case. This power to be generated by this steam plant is for the purpose of firming up additional water power that is provided in this bill.

This is not a question of public power against private power. That question was decided when this region was made to depend on the TVA for power.

Insofar as the Tennessee Valley is concerned it was determined by this Congress a number of years ago that the

TVA would be the sole utility serving a big area in seven States. That is the only utility to which those people can look for current, that is the only source of supply; and here today is an amendment to provide that they have a steam plant to fill in during the dry summer months so that the hydro power will be dependable on a year-round basis, and not left as dump power, largely usable only by industry.

Mr. COUDERT. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I am sorry, I do not have time to yield.

This Congress decided that the TVA was the only source of supply they would have.

Mr. GAVIN. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I refuse to yield. I have only a few minutes. I wish I could.

This Congress decided that question for them, having decided that question we should see to it that the TVA is permitted to meet the needs of the area as the private utilities meet the needs in their areas. Having set the TVA system up, it belongs to the United States, the dams, the distribution system, everything. Last year we provided that the TVA repay over a period of 40 years, the Federal Government the money we have invested.

When this is done, and it will be done, the TVA system will still belong to the United States.

Owning this system, we have placed numerous war plants in the region. These take hundreds of thousands of kilowatt-hours of electricity that is not available for use by domestic users in the region. The atomic energy plant at Oak Ridge there for the defense of this Nation takes annually more than 225,000 kilowatt-hours and the record shows that in the future they are going to need 50,000 more kilowatt-hours of electricity.

This is not a new venture. The TVA today operates five steam plants. The Congress transferred one, authorized the purchase of others, and we built another.

These steam plants produce about a billion kilowatt-hours of electricity as a result of these steam plants' production. The TVA has been able to supply three or four million dollars of extra kilowatt-hours of hydro, firm dependable power that they could not sell and could not deliver to the people of this Nation in the absence of those steam plants. The record shows last year three or four million kilowatt-hours were made available to this country that is starving for electric current. Today millions of people beg for electricity. According to the Federal Power Commission there is only two-tenths of 1 percent margin of safety between the electricity used in this country today and our total capacity to produce.

The addition of this steam plant manufacturing 200,000 kilowatt-hours will make dependable 1,000,000,000 kilowatt-hours of electricity needed by the municipalities and REA co-ops in the region and elsewhere.

Oh, this Congress has appropriated this year and for next year \$800,000,000 for the REA. We thought we were doing

a whole lot for the American farmer. But as stated today there is only two-tenths of 1 percent margin of safety between the amount of electricity that we are consuming and the maximum that we can produce? We do not have the needed electricity in this Nation. Did you know that the TVA is interconnected with the private utilities, that any firm power, manufactured by the TVA, and not needed by them, goes to the private companies and helps to serve their areas too; that during the war the TVA is all that saved us.

Under the terms of this bill a number of new hydro units are provided.

For about 7 months of the year those hydro units can produce electricity. It is said you do not want to move industry from other areas to the Tennessee Valley, and I can appreciate that feeling. The TVA has made no effort to do that and the record shows industry has grown throughout the South. I believe this is wholesome for the area and the Nation. You are providing this current from hydroelectric facilities for 7 months of the year and the folks cannot get it the rest of the time unless it is firmed up. What REA cooperative could take electricity for only 7 months? How could they provide this extra energy for the people who want it in their homes, for the municipalities, unless it is firmed up and made available on a year-round basis. I would like to see it go to the homes, to the people, to the communities. I would like to see it firmed up so it will be dependable, otherwise industry is bound to be the only taker, directly or through the private utilities who would buy the hydroelectricity at dump rates.

This Congress only yesterday considered the drafting of the youth of this land to be put in the Army for the defense of this Nation. I say to you when you are willing to do that, and I know there is not a man who did not regret casting that vote, it is just as important to provide for the future national defense of this country by having power necessary for the operation of war plants in time of need. I do not come from the Tennessee Valley. I am served by a public utility. As I stated, it is just as important to provide for the future national defense of this country in this bill as it was in the other bill.

They may say that this is just starting a plant and it is not supposed to be in being until 1951. But let me tell you that the Watts Bar Dam built in 1940 and 1941 under the exigencies of the situation was completed in 18 months. We are starting that which we can call on in time of need.

Did you know that in the Tennessee Valley 51 percent of all the aluminum that was used in the last war was produced by reason of TVA electricity? That there is no other area that is able to provide that? Did you know that you just passed a bill providing for a 70-group air force and that air force will not be built unless you can get the aluminum? That the TVA is the source of power to which we must look?

Mr. JENNINGS. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Tennessee.

Mr. JENNINGS. Is it not a fact that in 1941 this Congress appropriated virtually \$40,000,000 for construction of the Watts Bar steam plant?

Mr. WHITTEN. That is true. The Congress did that and it was a life-saver during the recent war. I hope we will not have any war in the future. I hope you will see that this is just as much in the interest of the national defense as were these acts you have passed in the last few days.

The Senate has just approved this plant for the second time. The vote was by a considerable majority. A few days ago this House of Representatives provided under the Marshall plan more than \$5,000,000,000 in foreign aid in an effort to provide for the national security. I believe that this Congress having provided that the people of a great part of 7 States must look to the TVA and the TVA alone for their electricity that we are obligated to make additions to the TVA system to meet the needs of the region. We can't justify doing otherwise. We owe it to the Nation to make available the extra billion kilowatt hours the steam plant would make firm, but above all else in this time of emergency, we should provide the maximum amount of electricity available for the very security of the Nation in time of war, badly needed by the people in time of peace. I plead with you to support this amendment.

Mr. BATES of Massachusetts. Mr. Speaker, I believe this matter now before the House is of paramount importance to every Member of the House from every part of the country. We are changing the entire philosophy of the Tennessee Valley Authority. That Authority was originally authorized to build dams for flood control and navigation. Now they come in here and for the first time in this bill ask us to authorize a project, the initial cost of which will be \$4,000,000, for the benefit of a group of industries and which it is estimated will cost ultimately \$80,000,000.

We would like to have these power plants in our part of the country. In the daily papers we read that the private industries in the New England area and in the other great industrial areas of the country are building their own power plants at their own expense. Why then should we authorize power plants to be built in the Tennessee Valley area with public money in order that low-cost electricity may be provided for competing industries to those industries in our part of the country? I hope the pending proposition will be defeated.

Mr. PLOESER. Mr. Speaker, I yield myself 9 minutes.

Mr. Speaker, I think it is highly important that all of the Members of the House understand at this point the parliamentary situation. The situation is that the Committee on Appropriations did not allow any money and felt that it would be subject to a point of order if they authorized by any language the building of a steam-power plant at New Johnsonville in connection with the Tennessee Valley Authority. When the bill came to the floor of this House there

was an attempt made to amend it. The language was not offered because it was clear to both sides that such language probably could not withstand a point of order. The request here for \$4,000,000 to begin construction would result ultimately in the establishment of an \$84,000,000 project. The House denied that amendment by a vote of 192 to 152. The amendment was included, I should say, in a motion to recommit, and a roll call was had. The Senate restored this amount and sought to put in the language. The conference became deadlocked because the House refused to yield.

Now we are back to the House in disagreement. I have offered a motion to insist upon the House position, because I have confidence and reason to think that if this House maintains its position, which I believe to be right, that that will be the ultimate position of the Congress when the bill becomes law. There has been a preferential motion made to recede from the House position and concur in the Senate amendment. So, those who believe in the House position have the duty and the obligation to vote "no" on the motion before the House at the present time. "No" means no money for an unauthorized steam plant at New Johnsonville; "yes" means an attempt to authorize that which has not heretofore been authorized in the TVA Act.

This committee has been most liberal with TVA. We have given them \$29,000,000 for the acquisition and installation of hydroelectric generators—11 in all. We have given them \$15,000,000 for the completion of two dams. There has never been an attempt on the part of this committee, and I have been a member of it since its inception, to forestall in any way that part of the development of the Tennessee Valley which is legally authorized. Now the attempt is to reach out and go into the full utility business, even though it is clearly stated in the law and clearly admitted by even the advocates of the Tennessee Valley Authority that there was never any intent on the part of the organic act that hydroelectric power be anything but a surplus commodity, the original intent of the act being navigation and flood control.

As to the argument that this is a national defense project the Atomic Energy Commission refused me as chairman of this committee the very information which they gave to the former chairman of the Atomic Energy Committee, and he made public. I had to visit the Tennessee Valley Authority and Oak Ridge where the management of Oak Ridge very freely gave me the information in the presence of numerous people, even including one newspaper reporter, and said there was no secret about it.

Oddly enough, that information was available from the former head of the TVA, who in testimony in years past admitted that they had no authority to build a steam plant. Oddly enough, that testimony was readily available when they thought they had a chance to put it over in the other body. But to an official Appropriations Committee of this House it was a secret matter and could not be made available.

They did make available to me certain figures as regards the uses of power from TVA, but they were made to me as totally restricted. I have them in my possession and they have never been released, so I cannot give them to you, but I can tell you that TVA bought power from Oak Ridge. I yield to the vice chairman of the Atomic Energy Committee for a statement he might wish to make on this subject.

Mr. KEFAUVER. Mr. Speaker, after thorough study and deliberation the Senate has passed favorably upon the TVA request for funds with which to commence construction of a steam powered electric generating plant at New Johnsonville, Tenn. Much detailed discussion of great length and complexity has been heard on this subject but the basic question is clear and simple. Is the TVA to be allowed to continue its vitally important development? There is no question but that this great project which has met its many obligations, has served the people and has stimulated private industry to a higher peak of development than this area has ever before known. TVA must be allowed to continue.

I submit that the continued development of TVA is linked directly with our national preparedness and our Nation's industrial strength which is the main artery of our military strength.

I wish to make three fundamental points concerning the need for the New Johnsonville steam plant.

First, I submit that TVA power is the only source of supply in this area and failure to allow the construction of this much needed new source with which to firm up power during the summer months will adversely affect the 5,000,000 people and hundreds of industries in the Valley.

Second, I submit that the entire Nation is faced with a power shortage and that to deny the right of expansion of power anywhere in the Nation at this time would be an ill-conceived move. Demand for power in the Tennessee Valley has increased 60 percent since the war and those who distribute TVA power expect a 60 percent increase on top of that.

Third, I submit that in the face of the billions we are spending to rehabilitate foreign countries and reestablish their economies we must not overlook the reasonable needs of the people of our own country.

The full weight of the validity of the claim we make as to the serious need for this new steam plant as wholly necessary to TVA in carrying on its power supply and over-all development of the resources of this region has been underscored by the approval given this appropriation in the Senate. I sincerely hope that my colleagues in the House will review the facts and carefully consider the voluminous evidence in favor of allowing TVA to construct the New Johnsonville steam plant. This matter is of deep concern to the millions of people who live in this area. They are anxiously awaiting the answer of the House.

The territory served by the TVA is fixed by contract. We are not asking this appropriation for the purpose of

competing with any utility in any other section. It is for the service of the people in the Tennessee Valley. Remember that Congress has decreed that the people of the Tennessee Valley must rely upon the TVA for power. It is the sole supplier. In good faith Congress should allow this further development. It is not fair to any section to put an economic lid on their further progress. The TVA is only asking for authority to do for the people of the Tennessee Valley the very things that private power companies are seeking to do for people in other sections—that is to increase their electric supply.

We are operating on a dangerous margin of available electric energy. These different plants, such as the Atomic Energy Plant and the aluminum plants have been located in the Tennessee Valley recently. They cannot be moved. If we are to carry out our program of preparedness we cannot in good faith deny available electricity for these plants.

Mr. Speaker, it has been suggested that the taxpayers of the rest of the Nation will pay for this investment. This is not true. Under the law the TVA investment will be amortized in 40 years. It will be paid for by the users of electricity in the Tennessee Valley and our vital defense plants will have electric power available.

I have served here for 9 years. I have made many pleas to my colleagues but I have never been more concerned or more vitally interested in a project than I am in this one. I urge you to consider it on the basis of its merits. I wish to make a personal plea to my colleagues to not put an economic ceiling on the development of the great Tennessee Valley region. I urge you personally to vote for the motion of the gentleman from Tennessee.

Mr. COLE of New York. I think it is most unfortunate that the proponents of this steam plant for TVA have seen fit to justify it upon the needs of the Atomic Energy Commission in its operations at Oak Ridge. Oak Ridge was selected by the Manhattan District for the purpose of obtaining cheap power from TVA, that is true, but in order to make sure that the Commission's activities at Oak Ridge would not be completely dependent upon TVA power during slack periods, it has constructed and is operating a steam-generating plant, and, as the gentleman said, in times past has sold its surplus power back to TVA. So the answer is that if the Atomic Energy Commission needs additional power, and there is some indication that it does, the way to get it is not to rely on TVA, but simply to expand its presently operated steam-generating plant at Oak Ridge, which I understand can be done by the installation of one additional boiler.

Mr. PLOESER. That is correct. I thank the gentleman from New York. Let me say the chairman of the Atomic Energy Committee, a Senator, and the gentleman from New York [Mr. COLE] voted against this plant.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. PLOESER. I yield to the gentleman from Indiana.

Mr. HALLECK. As one Member of the Congress of the United States who has felt that some curtailment of Federal spending is absolutely essential in the interest of the country, I want to say to the gentleman and the members of his Committee on Appropriations who have fought for economy and who have fought for integrity in the affairs coming before them that they have my compliments and my commendation. I know it is not an easy job to do some of the things you gentlemen on the committee have been called on to do, but you have done them and dealt with them as best you could. I am glad to have observed as we have gone along through this Congress the willingness of the Members to stand with the committee.

Mr. PLOESER. I thank the distinguished majority leader.

Let me read one more thing in connection with national defense, but let me preface it by saying that when Mr. Clapp was before the committee at no point did he attempt to make any pretense of the argument of national defense. I want to quote the hearings, because this particular quotation is vitally important.

This is what the gentleman from Tennessee [Mr. GORE], for whom I have the highest regard and who is a very able member of this committee, said during the hearing:

It seems to me that it is very fundamental. It goes beyond the questions which have, I think, only been scratched. It goes to the very basic purposes of the TVA Act. That was my purpose. I specifically reemphasize and purposely so the fact that on yesterday Mr. Clapp stated categorically and repeatedly that this program was not related to the national defense and that he in no way was attempting to justify on that basis.

Mr. Speaker, there has been a great deal said about lobbying. Personally I am one of those fellows who do not care whether lobbyists are here or not. I do not pay any attention to them. There are more lobbyists per square foot in this town from the bureaus that you can find in the balance of the world from any place else. I just want to let you see how lobbying does go on for cheap power.

I hold in my hand an enlargement of a circular. It says:

Be sure and write your Senator from Tennessee to see that he votes right on this steam plant.

That is lobbying for cheap power. I just show that to you. These people have a right to do that. They have a perfect right to do it. I do not blame them. All I say, and the only purpose for calling that to your attention is that it is cheap power because the balance of the United States of America is subsidizing it. Why delude ourselves?

It has been said that they need this to firm up power. I doubt that argument. I could deny the argument, but let us concede it for the sake of controversy. Why cannot these various communities put in their own steam plants? The reason is very simple—because the TVA has negotiated and completed with them monopoly contracts that prohibit them from purchasing power from any

other source or developing it themselves. Talk about monopolies? Is a monopoly any less damnable because it is operated by government? In my conception of free enterprise, you can be equally as oppressive so far as the progress of a nation is concerned by the deadening monopoly hand of government as you can by any other monopoly.

I have before me an article from the New York Herald Tribune which announces on its financial page that—

The four cities of Memphis, Chattanooga, Nashville, and Knoxville have been reported in financial and utility circles as drawing plans for the possible construction of a steam generating plant in the event that the Senate should not grant the authority to TVA.

I compliment those cities for doing that. That is the way we do it in good old Missouri—we do it ourselves. When I was in the Tennessee Valley I was asked by a newspaperman, "Well, what are we going to do if we want to bring more industry into Tennessee?" I said, "Do it as we do it in Missouri." He said, "How is that?" "Well," I said, "we get the lead out of your energy and go out and build it yourselves."

Mr. BATES of Massachusetts. And we pay for it.

Mr. PLOESER. Yes; and we pay for it ourselves.

Now, I have no objection to the development of hydroelectric power, but I do have a very definite objection to the creation of a corporate state which like an octopus keeps reaching, and reaching, and reaching socialistically until it engulfs and monopolizes and controls everything within its vicious, oppressive grasp.

I do not mind telling you that I think, if we allow these things to go on until they expand and cover the entire 48 States, you will have by that time completely crushed freedom in America, because you will have crushed free enterprise.

I ask this House again to stand by its conferees and vote down this motion to recede and concur, and vote for the motion to stand firm in the conference for the elimination of this item from the bill.

Mr. Speaker, I move the previous question.

The previous question was ordered.

Mr. DONDERO. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DONDERO. What is the vote in order to stand by the conferees of the House?

The SPEAKER. The vote will come on the motion of the gentleman from Tennessee to recede and concur in the Senate amendment.

The question is on the motion of the gentleman from Tennessee [Mr. GORE] to recede and concur in the Senate amendment.

The question was taken; and on a division (demanded by Mr. GORE) there were—ayes 143, noes 157.

Mr. GORE. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 186, nays 201, answered "present" 1, not voting 42, as follows:

[Roll No. 124]

YEAS—186

Abbott	Folger	Morris
Abernethy	Forand	Morrison
Albert	Garmatz	Morton
Allen, Calif.	Gary	Multer
Andersen,	Gathings	Murdock
H. Carl	Gearhart	Murray, Tenn.
Anderson, Calif.	Gordon	Norton
Andrews, Ala.	Gore	O'Brien
Angell	Gorski	O'Konski
Barden	Gossett	O'Toole
Barrett	Granger	Pace
Bates, Ky.	Grant, Ala.	Patman
Battle	Gregory	Peterson
Beckworth	Hardy	Pfeifer
Bland	Harless, Ariz.	Philbin
Blatnik	Hart	Phillips, Tenn.
Bloom	Havener	Pickett
Boggs, La.	Hill	Poage
Bonner	Hinshaw	Poulson
Boykin	Hobbs	Powell
Brown, Ga.	Holfield	Preston
Bryson	Horan	Price, Fla.
Buchanan	Huber	Price, Ill.
Buckley	Hull	Priest
Bulwinkle	Isacson	Rains
Burleson	Jackson, Wash.	Rankin
Byrne, N. Y.	Jarman	Rayburn
Camp	Javits	Redden
Cannon	Jennings	Richards
Carroll	Johnson, Calif.	Riley
Celler	Jones, Ala.	Rockwell
Chapman	Karsten, Mo.	Rogers, Fla.
Chelf	Kee	Rooney
Cole, Mo.	Kefauver	Sabath
Colmer	Keiley	Sadowski
Combs	Kennedy	Sasser
Cooley	Keogh	Sheppard
Cooper	Kerr	Sikes
Courtney	Kilday	Smathers
Cox	Kirwan	Smith, Va.
Cravens	Klein	Somers
Crosser	Lanham	Spence
Curtis	Lea	Stefan
Davis, Ga.	Lesinski	Stockman
Davis, Tenn.	Lucas	Stratton
Deane	Lusk	Teague
Delaney	Lyle	Thomas, Tex.
Dingell	McCormack	Tollefson
Donohue	McDonough	Trimble
Dorn	McMillan, S. C.	Vinson
Doughton	Mack	Welch
Douglas	Madden	West
Eberharter	Mahon	Wheeler
Elliott	Manasco	Whitaker
Ellsworth	Mansfield	Whitten
Engle, Calif.	Marcantonio	Whittington
Evins	Meade, Ky.	Williams
Fallon	Meade, Md.	Wilson, Tex.
Feighan	Miller, Calif.	Winstead
Fernandez	Miller, Nebr.	Wood
Fisher	Mills	Worley
Flannagan	Monroney	
Fogarty	Morgan	

NAYS—201

Allen, Ill.	Chadwick	Fenton
Allen, La.	Chenoweth	Foote
Andersen,	Chiperfield	Fuller
August H.	Church	Fulton
Andrews, N. Y.	Clark	Gamble
Arends	Clason	Gavin
Arnold	Clevenger	Gilllette
Auchincloss	Clippinger	Gillie
Bakewell	Coffin	Goff
Bates, Mass.	Cole, Kans.	Goodwin
Beall	Cole, N. Y.	Graham
Bell	Corbett	Grant, Ind.
Bender	Cotton	Griffiths
Bennett, Mich.	Coudert	Gross
Bishop	Crawford	Gwinn, N. Y.
Blackney	Crow	Gwynne, Iowa
Bolton	Cunningham	Hagen
Bradley	Dague	Hale
Bramblett	Davis, Wis.	Hall
Brehm	Dawson, Utah	Edwin Arthur
Brooks	Devitt	Halleck
Brophy	D'Ewart	Hand
Buck	Dirksen	Harness, Ind.
Buffett	Dolliver	Harris
Burke	Domengeaux	Harrison
Busbey	Dondero	Harvey
Byrnes, Wis.	Ellis	Hébert
Canfield	Elsaesser	Hedrick
Carson	Elston	Herter
Case, N. J.	Engel, Mich.	Heselton

Hess	McMillen, Ill.	Sadlak
Hoeven	MacKinnon	St. George
Hoffman	Macy	Sanborn
Hope	Maloney	Sarbacher
Jackson, Calif.	Martin, Iowa	Schwabe, Mo.
Jenlson	Mason	Schwabe, Okla.
Jenkins, Ohio	Mathews	Scott, Hardie
Jenkins, Pa.	Merrow	Scribner
Jensen	Meyer	Seely-Brown
Johnson, Ill.	Michener	Shafer
Johnson, Ind.	Miller, Conn.	Short
Jones, N. C.	Miller, Md.	Simpson, Ill.
Jones, Wash.	Mitchell	Smith, Kans.
Jonkman	Muhlenberg	Smith, Ohio
Judd	Murray, Wis.	Smith, Wis.
Kean	Nicholson	Snyder
Kearney	Nixon	Stanley
Kearns	Nodar	Stevenson
Keating	Norblad	Sundstrom
Keefe	Norrell	Taber
Kersten, Wis.	O'Hara	Talle
Kilburn	Passman	Taylor
Kunkel	Patterson	Tibbott
Landis	Phillips, Calif.	Towe
Latham	Ploeser	Twyman
LeCompte	Potter	Vail
LeFevre	Potts	Van Zandt
Lewis, Ohio	Ramey	Vorys
Lichtenwalter	Reed, Ill.	Vursell
Lodge	Reed, N. Y.	Waiter
Love	Rees	Welchel
McConnell	Rich	Wigglesworth
McCowan	Riehlman	Wilson, Ind.
McCulloch	Rizley	Wolcott
McDowell	Rogers, Mass.	Wolverton
McGarvey	Rohrbough	Woodruff
McGregor	Ross	Youngblood
McMahon	Russell	

ANSWERED "PRESENT"—1

Wadsworth

NOT VOTING—42

Banta	Hays	Peden
Bennett, Mo.	Heffernan	Plumley
Boggs, Del.	Hendricks	Reeves
Brown, Ohio	Holmes	Regan
Butler	Johnson, Okla.	Rivers
Case, S. Dak.	Johnson, Tex.	Robertson
Dawson, Ill.	King	Scoblick
Durham	Knutson	Scott,
Eaton	Lane	Hugh D., Jr.
Fellows	Larcade	Simpson, Pa.
Fletcher	Lemke	Smith, Maine
Gallagher	Lewis, Ky.	Stigler
Hall	Ludlow	Thomas, N. J.
Leonard W.	Lynch	Thompson
Hartley	Mundt	

So the motion was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Durham for, with Mr. Hartley against.
Mr. Rivers for, with Mr. Bennett of Missouri against.

Mr. Peden for, with Mr. Simpson of Pennsylvania against.

Mr. Lemke for, with Mr. Wadsworth against.
Mr. Heffernan for, with Mr. Banta against.
Mr. Lynch for, with Mr. Scoblick against.
Mr. Stigler for, with Mr. Hugh D. Scott, Jr., against.

Mr. Hays for, with Mr. Eaton against.

Mr. Johnson of Texas for, with Mr. Gallagher, against.

Mr. King for, with Mr. Thomas of New Jersey against.

General pairs until further notice.

Mr. Brown of Ohio with Mr. Lane.

Mr. Butler with Mr. Ludlow.

Mr. Fellows with Mr. Johnson of Oklahoma.

Mr. Mundt with Mr. Dawson of Illinois.

Mr. Knutson with Mr. Regan.

Mrs. Smith of Maine with Mr. Hendricks.

Mr. Fletcher with Mr. Larcade.

Mr. WADSWORTH. Mr. Speaker, I am recorded in the negative. I have a pair with the gentleman from North Dakota, Mr. LEMKE. Had he been present he would have voted in the affirmative. I therefore withdraw my vote and ask to be recorded as present.

Mr. KEARNEY changed his vote from "yea" to "nay."

Mr. BRADLEY changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the motion of the gentleman from Missouri [Mr. PLOESER] to insist on the disagreement of the House to the Senate amendments.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 7: On page 8, line 17, insert "if not otherwise required to be turned into the Treasury under the provisions of the proposed Federal charter."

Mr. PLOESER. Mr. Speaker, I offer a motion, which I send to the desk.

The Clerk read as follows:

Mr. PLOESER moves that the House recede from its disagreement to the amendment of the Senate No. 7, and agree to the same with an amendment, as follows: Before the period at the end thereof, insert "Provided further, That section 304 (b) of the Government Corporation Control Act, as amended (Public Law 248, approved December 6, 1945), shall not be applicable with respect to the Panama Railroad Company until after June 30, 1949."

The SPEAKER. The question is on the motion of the gentleman from Missouri [Mr. PLOESER].

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 13: Page 6, line 24, insert "plus accrued dividends thereon: *Provided further*, That not to exceed \$5,000 of the funds of said Corporation shall be available until June 30, 1952, for the payment of such expenses as the Chairman of the Home Loan Bank Board or his designee or designees may find necessary for winding up the affairs and effecting the dissolution of the United States Housing Corporation and the United States Housing Corporation of Pennsylvania."

Mr. PLOESER. Mr. Speaker, I offer a motion, which I send to the desk.

The Clerk read as follows:

Mr. PLOESER moves that the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: after "plus accrued dividends thereon" insert "which, notwithstanding any other provision of law, shall be computed at a rate approximating the average interest cost incurred by the Home Owners' Loan Corporation on its total borrowings during each respective fiscal year."

Mr. MAHON. Mr. Speaker, as chairman of the Texas delegation in Congress, and in behalf of the delegation, I have asked for this time in order to take note of the fact that the gentleman from Texas [Mr. WEST], who has recently been in the hospital, is back on the House floor. [Applause, the Members rising.]

Mr. Speaker, the Members have indicated by their standing and applause the high regard which Members have for MILTON WEST. Few will have an opportunity to speak but the spontaneous applause of Members on both sides of the aisle will mean more to MILTON WEST than any number of rhetorical speeches. For him I want to thank you for the tribute you have paid him.

When that great Texan, John Nance Garner, went from the speakership of the House of Representatives to the Vice Presidency, MILTON WEST was elected in

his district to succeed him. MILTON WEST has served faithfully and well through the years. He has occupied a position of power and usefulness on the Ways and Means Committee, the major committee of the House. He is retiring voluntarily from Congress after the end of this term, and this may be the last day that he will be on the floor with us in an official capacity; and in behalf of my colleague from Texas and the others who love MILTON WEST I wanted to say this word of tribute and good cheer.

I yield to the gentleman from Texas [Mr. RAYBURN], the distinguished Democratic leader of the House and former Speaker.

Mr. RAYBURN. I am not going to delay the proceedings, but I cannot let this opportunity pass without saying something about one of the loveliest men I have ever known, a man of sterling character, of stout heart, a great friend, and a fine American.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Pennsylvania.

Mr. RICH. Of all the men with whom I have served in Congress, MILTON WEST is one of the finest fellows I have ever known in or out of Congress. He is a gentleman of the highest order and I am glad to call him a real friend and a fine Congressman.

Mr. COLMER. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Mississippi.

Mr. COLMER. I would just like to add my word of appraisal of MILTON WEST, a fine friend, a great man, one of the true western type. MILTON WEST will be missed by his many friends in this House.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield.

Mr. JENKINS of Ohio. I just want to say on behalf of the Republican membership of the Ways and Means Committee that we have enjoyed the companionship of MILTON WEST and his fine character. We are sorry to see him go.

Mr. KEARNEY. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from New York.

Mr. KEARNEY. I wish to inform the House that the gentleman from Texas comes from the neighborhood of Mission, McAllen, and that area of Texas where I served in 1916. Since I became a Member of the House I have come to know MILTON WEST personally and I want to say that when he retires a real American will leave this House.

Mr. MAHON. Mr. Speaker, I realize there are many who want to speak, many who have asked me to yield to them, but in view of the limitation of the time I will not be able to. Yet, I will yield to the gentleman from New York [Mr. REED], a senior member of the Ways and Means Committee.

Mr. REED of New York. I think MILTON WEST comes nearer to being the typical American that will keep this country safe than any man with whom I am acquainted. I have a great affec-

tion and respect for him. I am sorry he is leaving.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members may have the privilege of extending their remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. THOMAS of Texas. Mr. Speaker, all of us are happy to see MILTON WEST on the floor again. We regret he is retiring. No man in the House is more respected and admired more.

Mr. WORLEY. Mr. Speaker, I join with his many other friends in the House who regret to see MILTON WEST retire from Congress. As a member of the Texas Legislature and during his tenure in Congress, MILT was a real public servant and a great American. We hate to see him leave.

Mr. BECKWORTH. Mr. Speaker, as one of Mr. WEST's colleagues from Texas, I desire to pay tribute to him. It was my privilege to serve in the Texas Legislature after MILTON had served there. He was recognized as one of the most able members of the Texas House of Representatives. This was demonstrated by the fact the people of the congressional district in which he lived chose him to succeed Hon. John Nance Garner when Mr. Garner was elected Vice President.

When I came to Congress 10 years ago, one of the Members of Congress who helped me most was MILTON WEST. Always he has been and is considerate of and helpful to new Members who consult him as a member of the Ways and Means Committee, on committee assignments. The people of MILTON's district and of Texas as well as the membership of the House know about and are aware of the faithful and efficient job of work MILTON has done here. It is known well that he is competent, conscientious, courageous, and able. We are not happy that MILTON is leaving Congress. We all shall miss him and his effective and constructive work; however, as he leaves Congress voluntarily, we wish for him every success and happiness.

Mr. HOBBS. Mr. Speaker, this is the first time I have ever known any Member of the House to "go WEST" without causing me profound sorrow.

This afternoon the entire membership of the House has gone "WEST" in a glorious outpouring of affectionate regard the like of which these walls have rarely, if ever, heard or witnessed.

It was genuine. Spontaneous. Heartwarming. Never to be forgotten. Such popularity must be deserved. It is. Our joy in paying these tributes is tinged with sorrow, only our sense of loss that we share with the district, State, and Nation he served so well till he voluntarily laid the burden of that service down.

He can leave us, but never our love.

Mr. LUCAS. Mr. Speaker, I want to add a few words to those already spoken in praise of MILTON WEST. Before I came to Congress I had heard many times of the great stature of the man and now

that I have served with him I know that his reputation, as I had known it, and his stature, is even greater and higher than I had expected. He has served this House and our country well and diligently and his retirement from this body will create a vacancy among us which will be keenly felt. We all regret that he has chosen to leave us but we wish him restored health and happiness among his people in the southern tip of Texas. God speed you, MILTON. You take with you our best wishes, always.

Mr. PATMAN. Mr. Speaker, the House of Representatives is losing a valuable and able Member, the Honorable MILTON WEST. He has made a wonderful record in Congress and has as many friends in this House as any Member I have ever known. He has always been constructive in his efforts and no district has had a truer and more effective Representative than MILTON WEST.

Mr. POAGE. Mr. Speaker, the applause of his fellow Members attests the high regard in which MILTON WEST is held. I served with MILT in the Legislature of Texas 15 years ago. I admired his character and ability then. For 10 years I have been his neighbor on the fifth floor of the House Office Building. All those years I have known him as a good neighbor. He enjoys the friendship and the respect not only of his Texas neighbors but of the entire House. He is retiring of his own volition. We all wish him well. We regret the parting, but those of us who know his "magic valley" will understand why he might prefer a home there instead of the tumult of Washington. Adios, mi amigo.

The SPEAKER. The question is on the motion to recede and concur with an amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 16: Page 20, line 14, strike out "within 30 days after the date of enactment hereof" and insert "as of June 30, 1948."

Mr. PLOESER. Mr. Speaker, I move to recede and concur with an amendment.

The Clerk read as follows:

Mr. PLOESER moves that the House recede from its disagreement to the amendment of the Senate No. 16, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be stricken out and inserted by the said amendment, insert the following: "not later than July 30, 1948, as of June 30, 1948 (the corporate records for the fiscal year 1948 to be closed by Defense Homes Corporation prior to actual transfer thereof)."

The SPEAKER. The question is on the motion offered by the gentleman from Missouri.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 24: Page 25, line 11, after "\$25,000,000" insert the following: "Provided further, That notwithstanding any provisions of law to the contrary, in addition to the foregoing the Corporation is authorized to utilize, from the revolving fund created by section 84 of the Farm Credit Act

of 1933 (12 U. S. C. 1148a), such sums as may be necessary (a) to make loans, during a period of 5 years, to bona fide fur farmers in accordance with the provisions of section 201 (e) of the Emergency Relief and Construction Act of 1932, as amended (12 U. S. C. 1148), the aggregate principal amount of which loans shall not exceed \$4,000,000 outstanding at any one time, and (b) not to exceed \$50,000 for administrative expenses of the Corporation and the Farm Credit Administration in connection with such loans."

Mr. PLOESER. Mr. Speaker, I move that the House recede and concur with an amendment.

The Clerk read as follows:

Amendment No. 24: Mr. PLOESER moves that the House recede from its disagreement to the amendment of the Senate No. 24, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the said amendment, insert the following: "Provided further, That notwithstanding any provisions of law to the contrary, in addition to the foregoing the Corporation is authorized to utilize, from the revolving fund created by section 84 of the Farm Credit Act of 1933 (12 U. S. C. 1148a), such sums as may be necessary (a) to make loans, during a period of 5 years, to bona fide fur farmers in accordance with the provisions of section 201 (e) of the Emergency Relief and Construction Act of 1932, as amended (12 U. S. C. 1148), all such loans to carry full personal liability of the borrowers and to be secured by such collateral as is deemed by the Corporation to be necessary to afford reasonable assurance of repayment, the aggregate principal amount of which loans shall not exceed \$4,000,000 outstanding at any one time, and (b) not to exceed \$25,000 for administrative expenses of the Corporation and the Farm Credit Administration in connection with such loans, which amount and the aforesaid item of \$146,800 may be combined for accounting purposes."

The SPEAKER. The question is on the motion offered by the gentleman from Missouri [Mr. PLOESER].

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 26: On page 27, line 1, insert the following:

"DEPARTMENT OF THE INTERIOR
"VIRGIN ISLANDS COMPANY

"There is hereby appropriated, out of any funds in the Treasury not otherwise appropriated, the sum of \$500,000 to the Secretary of the Treasury, to be made available by him, as a loan, to The Virgin Islands Company, upon request of the President of the Company, for the purpose of enabling the Company to continue its present operations until June 30, 1949. The loan shall bear interest at a rate to be determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of the loan to the Company."

Mr. PLOESER. Mr. Speaker, I move that the House recede and concur with an amendment.

The Clerk read as follows:

Amendment No. 26: Mr. PLOESER moves that the House recede from its disagreement to the amendment of the Senate No. 26, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the said amendment, insert the following:

"DEPARTMENT OF THE INTERIOR
"VIRGIN ISLANDS COMPANY

Section 304 (b) of the Government Corporation Control Act, as amended (Public Law 248, approved December 6, 1945) shall not be applicable with respect to the Virgin Islands Company until after June 30, 1949.

"The Virgin Islands Company is authorized to borrow from the Treasury of the United States not to exceed \$500,000, for which purpose there is hereby appropriated out of any money in the Treasury not otherwise appropriated \$500,000. The Secretary of the Treasury is authorized to make such loans to the Company for repayment not later than 1 year after the making thereof, at rates of interest determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of any such loan to the Company.

"Not to exceed \$97,880 of the funds available to the Company shall be available for administrative expenses (to be computed on an accrual basis), including salaries of officers, Washington officer personnel, and the accounting, purchasing, and pay roll departments; clerical services; traveling, automobile, office, and sundries expenses; stationery and office supplies; telephone and telegraph; postage, dues and subscriptions, repairs and maintenance of office buildings and equipment; employees' welfare, and public relations: *Provided*, That such total sum shall be inclusive of the gross amounts of the foregoing categories of expenses before apportionment of any part thereof to manufacturing or other expenses: *Provided further*, That such administrative expenses shall be exclusive of salaries of the engineering and shipping departments, storekeepers, and plant clerical personnel, interest expense, bank service charges, audit fees, and depreciation."

The SPEAKER. The question is on the motion offered by the gentleman from Missouri [Mr. FLOESER].

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

SECOND DEFICIENCY APPROPRIATION
BILL

Mr. TABER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 6935) the second deficiency appropriation bill, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. TABER, WIGGLESWORTH, ENGEL of Michigan, STEFAN, CASE of South Dakota, KEEFE, CANNON, KERR, and MAHON.

SUPPLEMENTAL APPROPRIATIONS FOR
THE EXECUTIVE OFFICE AND SUNDRY
INDEPENDENT EXECUTIVE BUREAUS,
BOARDS, COMMISSIONS AND OFFICES,
1949

Mr. WIGGLESWORTH submitted the following conference report and statement on the bill (H. R. 6829) making supplemental appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions and

offices, for the fiscal year ending June 30, 1949, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6829) making supplemental appropriations for the Executive office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1949, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 5, 6, 7, and 10.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 12, and 14, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum named in said amendment insert "\$1,500,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "\$511,850,000"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: In lieu of the first sum named in said amendment insert "\$7,744,000"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the matter stricken out and inserted by said amendment insert the following: "For the purpose of this proviso, education or training for the purpose of teaching a veteran to fly or related aviation courses in connection with his present or contemplated business or occupation shall not be considered avocational or recreational"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendments as follows: In lieu of the matter stricken out and inserted by said amendment insert the following:

"SURPLUS PROPERTY DISPOSAL

"Effective February 28, 1949, the Office of War Assets Administrator is abolished and the War Assets Administration shall cease to exist as an agency of the Government and its affairs, functions, and responsibilities shall thereafter be disposed of and liquidated in accordance with the following:

"(1) All powers, authority, functions and responsibilities of the War Assets Administrator and of the War Assets Administration pertaining to surplus real property, which as used herein shall mean land and interests in land together with buildings, fixtures, facilities, utilities, equipment and other property located thereon or adapted to use in connection with such property for its highest and best use, and all right, title and interest in notes, mortgages, and contracts of sale or lease in connection with surplus real property shall be transferred to the Reconstruction Finance Corporation, to be held and disposed of by such Corporation in accordance, except as provided herein, with the terms of the Surplus Property Act of 1944, as amended;

"(2) All aircraft and aircraft parts shall be transferred to the Department of the Air Force to be held and disposed of by such Department in accordance, except as provided herein, with the terms of the Surplus Property Act of 1944, as amended;

"(3) All personal property (other than aircraft and aircraft parts), except such as may be necessary to the liquidation of the War Assets Administration or the exercise of the functions transferred herein, shall be transferred to the Bureau of Federal Supply, Treasury Department, to be held and disposed of by such Bureau in accordance, except as provided herein, with the terms of the Surplus Property Act of 1944, as amended;

"(4) Except as necessary to the administration of the functions herein transferred to the Department of the Air Force, the Reconstruction Finance Corporation, and the Bureau of Federal Supply, all administrative property, records, and accounts of the War Assets Administration shall be transferred to the Treasury Department for liquidation of the affairs of the War Assets Administration;

"(5) Such administrative property, records, and personnel of the War Assets Administration as determined by the Director of the Bureau of the Budget to be necessary to the administration of any of the functions herein transferred shall be transferred to the agency to which such function is transferred: *Provided*, That the right to retention in employment by the Government of the personnel so transferred shall be neither greater nor less than such right would have been had the War Assets Administration continued as an independent agency of the Government;

"(6) The provisions of section 9 of the Reorganization Act of 1945 (Public Law 263, 79th Cong.) shall apply to the transfers effected by this paragraph in like manner as if such transfer were a reorganization of the agencies and functions concerned under the provisions of that act;

"(7) Priorities and preferences provided for in the Surplus Property Act of 1944, as amended, shall not continue beyond August 31, 1948, as to the disposal of personal property but shall continue as to the disposal of real estate;

"(8) The agencies herein authorized to dispose of surplus personal property may, after the date of enactment hereof, transfer any of such property without charge to any other agency of the Government if such property, by such transfer, can be put to public use by the transferee agency;

"(9) The agencies herein authorized to dispose of surplus property shall proceed with due diligence and use all reasonable means within the purview of this Act and the Surplus property Act of 1944, as amended, to accomplish such purpose at the earliest practicable date and shall report to the Committees on Appropriations of the Senate and the House of Representatives at the end of each month as to progress made;

"(10) The Secretary of the Treasury, the Secretary of the Air Force, or the Chairman of the Board of Directors of the Reconstruction Finance Corporation may authorize the abandonment, destruction, or donation to public bodies of personal property herein transferred to their respective agencies which has no commercial value or the estimated cost of care and handling of which would exceed the estimated proceeds from its sale;

"(11) The Surplus Property Act of 1944, as amended, shall not apply to property of the Government which has not been declared surplus under the terms of such Act as of the date of enactment hereof and any such property determined to be surplus shall be disposed of in accordance with the terms of other existing law.

"SALARIES AND EXPENSES, WAR ASSETS ADMINISTRATION SPECIAL FUND

"Salaries and expenses: There is hereby appropriated from the special fund account in the Treasury as provided for in the First Deficiency Appropriation Act, 1946, not to exceed \$65,000,000, which may be apportioned for obligation during the period ending February 28, 1949, for necessary expenses of the War Assets Administration established by Reorganization Plan Numbered 1 of 1947; for allocation or reimbursement by the War Assets Administrator to Government agencies designated by the Administrator as disposal agencies by or pursuant to law, and for payment to Government agencies designated by the Administrator for rendering special services in connection with the disposal of surplus property, in such amounts as shall be approved by the Bureau of the Budget; and for allocation or reimbursement to owning agencies for the care and handling (including pay and allowances and subsistence of military and naval personnel) of surplus property subsequent to the filing of a declaration of surplus covering such property with a disposal agency designated by the Administrator, or, if the Administrator prescribes procedures whereby declarations of surplus are made at approximately the time of disposal or removal, subsequent to notice by the owning agency to the disposal agency that property has been determined to be surplus and is subject to such procedures, such funds to be available for personal services in the District of Columbia; fees and mileage of witnesses at rates provided by law for witnesses attending in the United States courts (28 U. S. C. 600c); payment of claims pursuant to Section 403 of the Federal Tort Claims Act (28 U. S. C. 921); services as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), and other special services and reports by contract without regard to section 3709 of the Revised Statutes, as amended, including real estate brokers and appraisers at rates of pay or fees not to exceed those usual for similar services; health service program as authorized by law (5 U. S. C. 150), (not to exceed \$73,000); acceptance and utilization of voluntary and uncompensated services; printing and binding; expenses of attendance at meetings of organizations concerned with the work of the Administration; procurement of supplies, equipment, reports, and services in connection with the care, handling, and disposition of surplus property without regard to the provisions of section 3709 of the Revised Statutes, as amended, upon determination by the Administrator or by any official designated by him for this purpose that such method of procurement is necessary; purchase and procurement of reports of experts or consultants or organizations thereof; advertising, including radio time; maintenance, operation, and repair of aircraft in the Territories and possessions in connection with disposal activities and, in the continental limits of the United States in connection with the disposition of aircraft and airports; acquisition of buildings, lands, leaseholds, and other interests therein, and temporary use thereof for the care, handling, and disposition of surplus property; payments to States or political subdivisions thereof of sums in lieu of taxes accruing against real property declared surplus to the Administration by Government corporations; advance of funds to Administration cashiers and collection officials upon furnishing bond, for the purpose of handling cash transactions and making change at surplus property sales: *Provided*, That any employee of the War Assets Administration is authorized, when designated for the purpose by the Administrator, to administer to or take from any person an oath, affirmation, or affidavit, when such instrument is required in connection with the performance of the functions or activities of the War

Assets Administration: *Provided further*, That the Administration may procure by contract or otherwise and furnish to governmental employees and employees of Government contractors at the reasonable value thereof food, meals, subsistence, and medical supplies, emergency medical services, quarters, heat, light, household equipment, laundry service, and sanitation facilities, and erect temporary structures and make alterations in existing structures necessary for these purposes, when such employees are engaged in the disposal of surplus property, or in the preparation for such disposal, at locations where such supplies, services, equipment, or facilities are otherwise unavailable, the proceeds derived therefrom to be credited to this appropriation.

And the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 4 and 8.

R. B. WIGGLESWORTH,
JOHN PHILLIPS,
F. R. COUDERT, Jr.,
GEO. B. SCHWABE,
JOE HENDRICKS,
GEORGE ANDREWS,
ALBERT THOMAS,

Managers on the Part of the House.

CLYDE M. REED,
STYLES BRIDGES,
C. WAYLAND BROOKS,
GUY CORLEON,
THEODORE FRANCIS GREEN,
RICHARD B. RUSSELL,
KENNETH MCKELLAR,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6829) making supplemental appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1949, and for other purposes, submit the following report in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Amendment No. 1 inserts the provision of the Senate limiting the purchase of newspapers and periodicals by the Atomic Energy Commission to not to exceed \$8,000.

Amendment No. 2 inserts the provision of the Senate limiting travel expenses of the Atomic Energy Commission and limits the amount at \$1,500,000, instead of \$1,842,000, as proposed by the Senate.

Amendment No. 3 appropriates \$511,850,000 for expenses necessary to carry out the purposes of the Atomic Energy Act of 1946, instead of \$501,850,000, as proposed by the House, and \$521,850,000, as proposed by the Senate. The managers on the part of the House and the Senate have agreed that no part of the increase above the original House figure shall be available for administrative expenses.

Amendment No. 4 is reported in disagreement.

Amendment No. 5 relating to the Rural Electrification Administration is eliminated.

Amendment No. 6 relating to the United States Maritime Commission appropriates \$68,360,775 for salaries and expenses as proposed by the House, instead of \$69,360,775, as proposed by the Senate.

Amendment No. 7 provides a limitation of \$10,600,000 for administrative expenses, United States Maritime Commission, as proposed by the House, instead of \$11,600,000, as proposed by the Senate.

Amendment No. 8 is reported in disagreement.

Amendment No. 9 appropriates \$7,744,000 for Maritime training, instead of \$8,133,080,

as proposed by the House, and \$6,943,000, as proposed by the Senate, and provides that \$75,000 shall be available for restoration or repair of buildings at the maritime training station at Pass Christian, Miss., as proposed by the Senate. It is understood and agreed between the House and Senate conferees that of the reduction from the above mentioned House proposal, no decrease is to be made in the number of students anticipated to be trained under the House proposal.

Amendment No. 10 relating to the conversion of C-4 type vessels of the United States Maritime Commission, as proposed by the Senate, is eliminated.

Amendment No. 11 eliminates language carried in the House and Senate bills and substitutes therefor, the following language:

For the purpose of this proviso, education or training for the purpose of teaching a veteran to fly or related aviation courses in connection with his present or contemplated business of occupation, shall not be considered avocational or recreational.

The language as finally agreed upon is intended to permit all training which will contribute to bona fide use in the veteran's present or future business or employment.

Amendment No. 12 inserts the provision of the Senate permitting payment from the fund "veterans' miscellaneous benefits" to certain veterans as authorized by law in acquiring specially adapted housing which they require by reason of the nature of their service-connected disabilities.

Amendment No. 13 provides for liquidation of the War Assets Administration, as proposed by the House, but makes such liquidation effective February 28, 1949, instead of August 31, 1948, and appropriates \$65,000,000 for salaries and expenses, instead of \$50,000,000, as proposed by the House, and \$90,000,000, as proposed by the Senate.

Amendment No. 14 inserts the provision of the Senate making funds available for examination of appropriation estimates in the field.

AMENDMENTS IN DISAGREEMENT

Amendment No. 4 clarifies the intent of Congress in regard to rent control violators and continues their right to go to the Emergency Court of Appeals: The managers on the part of the House will offer a motion to recede and concur.

Amendment No. 8 allows the United States Maritime Commission, as required for the development and maintenance of the commerce of the United States and for use in time of war, to expend amounts to acquire the vessels *Mariposa* and *Monterey*: The managers on the part of the House will offer a motion to recede and concur.

R. B. WIGGLESWORTH,
JOHN PHILLIPS,
F. R. COUDERT, Jr.,
GEO. B. SCHWABE,
JOE HENDRICKS,
GEORGE ANDREWS,
ALBERT THOMAS,

Managers on the Part of the House.

Mr. WIGGLESWORTH. Mr. Speaker, I call up the conference report on the bill H. R. 6829 and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the full report.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Clerk read the statement.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

JUNE 30, 1948

STATEMENT BY THE PRESIDENT

I have today signed H. R. 6481, the Government Corporation Appropriation Act, 1949.

The failure of the Congress to include in this Act the appropriation which I had recommended to permit the Tennessee Valley Authority to begin construction of a steam generating plant at New Johnsonville, Tennessee, is an omission with such grave consequences that I hope the Congress will reconsider this question at the earliest opportunity.

It is inexcusable that there should be delay in providing the energy urgently needed to meet the growing demands of the people in this great region and vitally necessary for the requirements of national security.

In 1939 -- nine years ago this July -- the Congress determined that there should be no wasteful competition between public and private power systems in the Tennessee Valley. It accepted the proposal worked out by TVA and the private power companies then serving the area and authorized the purchase by TVA of the facilities for power generation and transmission then in private ownership. Municipalities and rural cooperatives purchased the existing facilities for electrical distribution.

From that day an agency of the Federal Government has produced the power and carried it over its own transmission lines to the locally owned and managed distribution systems which deliver it to the individual consumers. As a result of that Congressional decision, TVA has become the only wholesaler of power for an area of more than 80,000 square miles. Over five million people are entirely dependent on this great publicly owned power system to provide the electricity they need on their farms, in their homes, and in their private enterprises.

Most of the power produced by TVA comes from the huge dams which span the rivers, but like other hydroelectric systems, TVA needs auxiliary steam power to assure steadiness in the supply of energy. No new question of policy is presented by the proposal that TVA should build a steam plant at New Johnsonville. From the beginning of its operation TVA has had steam capacity on its system. A steam plant was turned over to it, together with Wilson Dam, in 1933. It purchased steam plants in 1939. It built a steam plant in 1940 with funds appropriated by the Congress, and added to that plant's capacity in 1943 and 1945. Now this new steam plant is required to balance the hydro power which has been added or is authorized for addition to its power system. While no new policy would be established by the approval of this plant, failure to permit its construction would reverse a sound and long established policy.

Everyone knows that our Nation's power supply is tight -- that our margin of reserve is inadequate. In almost every part of the country increased production is being impeded and delayed by limited power capacity. Yet the House of Representatives, by eliminating the appropriation for the New Johnsonville plant, which I had recommended in the Budget, would prevent the power supply from keeping pace with normal peacetime requirements in an area of critical production.

(OVER)

Much more is at stake in this matter than peacetime power requirements, important though they are. On May 26, when the bill was before the Senate Appropriations Committee, I directed a letter to the Chairman of that Committee, transmitting a communication from the Chairman of the National Security Resources Board, and specifically urging that this appropriation be restored. It was pointed out that power from this plant is not only needed to meet the estimated normal peacetime increase in the region's demand for energy, but it is also urgently needed to meet potential national security requirements such as those of the atomic energy installation and the aluminum and chemical industries which are located in the area and are dependent on TVA for power.

The Senate did restore this appropriation. But the House of Representatives refused to agree and it was eliminated in conference.

This is a bad decision when the welfare of the people is considered. They need the power for their comfort and their prosperity. It is a foolish decision when the protection of the Government investment is considered, for the TVA system would be far less sound, from the engineering and financial viewpoint, without this steam plant. It is a reckless and irresponsible decision when the security of the Nation may be adversely affected.

The TVA is a demonstration of the ability of a democracy to conceive and execute large plans for the public welfare. It has served as an inspiration and example to the rest of the world. It is a powerful weapon in the war of ideas now being waged for the minds of the people of the world.

At the first opportunity, I shall again urge that the Congress appropriate funds so this proposed plant may be promptly constructed in order to remove a serious barrier to the continued effective, economical and successful operation of the TVA power system.

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